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*Special Counsel to Richard A. Marshack, Former
Chapter 11 Trustee for the Bankruptcy Estate of The
Litigation Practice Group PC and Current
Liquidating Trustee of the LPG Liquidation Trust*

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - SANTA ANA DIVISION

In re:
THE LITIGATION PRACTICE GROUP P.C.,

Debtor.

Case No. 8:23-bk-10571-SC
Chapter 11
Adv. Proc. No. 8:25-ap-_____-SC

COMPLAINT FOR:

RICHARD A. MARSHACK, Former Chapter
11 Trustee for the Bankruptcy Estate of The
Litigation Practice Group PC and Current
Liquidating Trustee of the LPG Liquidation
Trust,

Plaintiff,

v.

RELIANCE ASSISTANCE GROUP, INC. and
YURIY DRAHUNTSOV

**(1) AVOIDANCE, RECOVERY, AND
PRESERVATION OF 2-YEAR ACTUAL
FRAUDULENT TRANSFERS;**
**(2) AVOIDANCE, RECOVERY, AND
PRESERVATION OF 2-YEAR
CONSTRUCTIVE FRAUDULENT
TRANSFERS;**
**(3) AVOIDANCE, RECOVERY, AND
PRESERVATION OF 4-YEAR ACTUAL
FRAUDULENT TRANSFERS;**
**(4) AVOIDANCE, RECOVERY, AND
PRESERVATION OF 4-YEAR
CONSTRUCTIVE FRAUDULENT
TRANSFERS;**

Defendants.

(5) AVOIDANCE, RECOVERY AND PRESERVATION OF PREFERENTIAL TRANSFER MADE WITHIN NINETY DAYS OF THE PETITION DATE;

(6) AVOIDANCE, RECOVERY AND PRESERVATION OF POST-PETITION TRANSFERS;

(7) AIDING AND ABETTING;

(8) TURNOVER; AND

(9) DISALLOWANCE OF CLAIMS

Judge: Hon. Scott C. Clarkson

Dept.: 5C

For his *Complaint for (1) Avoidance, Recovery, and Preservation of 2-Year Actual Fraudulent Transfers; (2) Avoidance, Recovery, and Preservation of 2-Year Constructive Fraudulent Transfers; (3) Avoidance, Recovery, and Preservation of 4-Year Actual Fraudulent Transfers; (4) Avoidance, Recovery, and Preservation of 4-Year Constructive Fraudulent Transfers; (5) Avoidance, Recovery, and Preservation of Preferential Transfer; (6) Avoidance, Recovery and Preservation of Post-Petition Transfers; (7) Aiding and Abetting; (8) Turnover; and (9) Disallowance of Claims* (“Complaint”), plaintiff Richard A. Marshack, the Former Chapter 11 Trustee for the Bankruptcy Estate (“Estate”) of The Litigation Practice Group PC and Current Liquidating Trustee of the LPG Liquidation Trust (“Debtor” or “LPG”) (together the (“Trustee” or “Plaintiff”) in the above-captioned bankruptcy case (“Bankruptcy Case”), alleges and avers as follows:

STATEMENT OF JURISDICTION, NATURE OF PROCEEDING, AND VENUE

1. This Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 157(b)(2)(A), (E), (H) and (O), 1334(b), and General Order No. 13-05 of the District Court for the Central District of California because this is a core proceeding arising in and/or related to the Bankruptcy Case, which is a case under Chapter 11 of Title 11 of the United States Code (“Bankruptcy Code”), and which is pending in the United States Bankruptcy Court for the Central District of California, Santa Ana Division (“Bankruptcy Court”).

2. Regardless of whether this proceeding is core, non-core, or otherwise, Plaintiff consents to the entry of a final order and judgment by the Bankruptcy Court.

3. Defendants are notified that Rule 7008 of the Federal Rules of Bankruptcy Procedure requires defendants to plead whether consent is given to the entry of a final order and judgment by the Bankruptcy Court.

4. Venue of this adversary proceeding properly lies in this judicial district pursuant to 28 U.S.C. § 1409(a) because this proceeding is related to Debtor's pending Bankruptcy Case.

THE PARTIES

5. Plaintiff, Richard A. Marshack, was the duly-appointed, qualified, and former Chapter 11 Trustee of Debtor's Estate, and is now the current duly-appointed, qualified, and acting Liquidating Trustee of the LPG Liquidation Trust.

6. Debtor is, and at all material times was, a professional corporation organized, existing, and in good standing under the laws of the State of California, with its principal place of business in Tustin, California.

7. Defendant, Reliance Assistance Group, Inc. ("Reliance"), is, and at all material times represented that it was, a California Corporation, existing under the laws of the State of California.

8. Reliance may be served by first class mail postage prepaid upon its registered agents for service of process, John Goldberg at 5318 E 2nd St. Suite 226, Long Beach, CA 92803.

9. Defendant, Yuriy Drahuntsov ("Yuriy") is an individual who is the Chief Executive Officer, Sole Director on the Board of Reliance, Chief Financial Officer, and Secretary. Yuriy may be served at 535 E 1st St. Suite 202, Tustin, CA 92780.

10. Reliance and Yuriy are collectively known as "Defendants".

GENERAL ALLEGATIONS

A. The Bankruptcy Case

11. On March 20, 2023 ("Petition Date"), Debtor filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, commencing the Bankruptcy Case.

12. The Office of the United States Trustee ("UST") filed its *Motion by United States Trustee to Dismiss or Convert Case Pursuant to 11 U.S.C. § 1112(b)* [Bankr. Docket No. 21] and

creditors Debt Validation Fund II, LLC; MC DVI Fund 1, LLC; and MC DVI Fund 2, LLC filed the *Motion by DVF and MC DVI to Dismiss Chapter 11 Case Pursuant to 11 U.S.C. §§ 105, 305, 349, & 1112, or in the Alternative Convert This Case to Chapter 7 or Appoint a Trustee* [Bankr. Docket No. 44]. On May 4, 2023, the Court entered its *Order Directing United States Trustee to Appoint Chapter 11 Trustee* [Bankr. Docket No. 58].

13. Pursuant to the *Acceptance of Appointment as Chapter 11 Trustee* [Bankr. Docket No. 63], on May 8, 2023, Trustee accepted his appointment as the Chapter 11 Trustee in the Bankruptcy Case, and he continues to serve in this capacity at this time, in addition to the Liquidating Trustee. The Court approved the Trustee's appointment in its *Order Approving the U.S. Trustee's Application for the Appointment of a Chapter 11 Trustee* [Bankr. Docket No. 65].

14. Trustee was not appointed until after events of the case and, therefore, bases these allegations on information and belief. *Soo Park v. Thompson*, 851 F.3d 910, 928 (9th Cir. 2017) ("The *Twombly* plausibility standard . . . does not prevent a plaintiff from pleading facts alleged upon information and belief where the facts are peculiarly within the possession and control of the defendant or where the belief is based on factual information that makes the inference of culpability plausible."); *Miller v. City of Los Angeles*, 2014 U.S. Dist. LEXIS 198871, 2014 WL 12610195, at *5 (C.D. Cal. Aug. 7, 2014) (recognizing that the plaintiff's "information and belief" pleading was allowed and "necessary at times"); *see also Mireskandari v. Daily Mail and General Trust PLC*, 2013 U.S. Dist. LEXIS 194437, 2013 WL 12129642, at *4 (C.D. Cal. July 31, 2013) ("The Federal Rules of Civil Procedure allow parties to plead facts on 'information and belief' if the facts 'will likely have evidentiary support after a reasonable opportunity for further investigation or discovery.'" (citations omitted)).

15. Pursuant to the Order Confirming Modified First Amended Joint Chapter 11 Plan of Liquidation entered September 9, 2024, and the Notice of Occurrence of Effective Date of Modified First Amended Joint Chapter 11 Plan of Liquidation filed September 24, 2024, Richard A. Marshack became the Liquidating Trustee of the LPG Liquidation Trust, effective September 24, 2024. [Bankr. Docket Nos. 1646 & 1762].

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1 **16.** All claims have been transferred to the Liquidating Trust pursuant to the confirmed
2 plan and Plaintiff brings this action solely in his capacity as the former Chapter 11 Trustee and current
3 Liquidating Trustee of the LPG Liquidation Trust for the benefit of Debtor's Estate and its creditors.

4 **B. Protective Order**

5 **17.** On or about May 2, 2024, Plaintiff filed a certain Notice and Motion for Entry of
6 Protective Order (the "Protective Order").

7 **18.** On June 3, 2024, the Court entered its Order Granting Motion for Entry of Protective
8 Order and the Protective Order [Bankr. Docket No. 1270] (the "Protective Order"). A true and accurate
9 copy of the Protective Order is attached as **Exhibit 1** and incorporated herein.

10 **19.** By its own terms, the Protective Order applies to this adversary proceeding and governs
11 all discovery conducted herein.

12 **C. LPG**

13 **20.** LPG operated a law firm for consumers across the country who sought assistance in
14 contesting or resolving debts they would identify.

15 **21.** The consumers would pay LPG over a period of time via monthly debits from their
16 bank accounts.

17 **22.** The monthly payments were meant to cover all legal services LPG provided to the
18 consumers including validation of the debts, review of documents to determine enforceability, and
19 court appearances to halt lawsuits to obtain judgments.

20 **23.** In certain instances, LPG would file a lawsuit in an effort to eliminate a disputed debt
21 or to prosecute affirmative claims held by the consumers.

22 **24.** LPG mismanaged the consumers' monthly payments.

23 **25.** Diab and other defendants devised a plan to fraudulently transfer funds, client files,
24 client funds and assets in the form of ACH Receivables (the "ACH Receivables" or "Accounts
25 Receivable") out of LPG to third parties prior to the filing of bankruptcy.

26 **26.** To obtain consumer clients, LPG contracted with marketing companies, who engaged
27 in illegal capping and would advertise or call to solicit consumers to become clients of LPG in
28 exchange for a percentage of the ACH Receivables collected by LPG from the consumers.

1 **27.** The marketing affiliate went so far as to assist with the execution of an engagement
2 letter between the consumer and LPG.

3 **28.** In exchange, LPG agreed to pay the marketing affiliates a percentage the monthly
4 payments collected by LPG from the consumers.

5 **29.** Because LPG received payments from consumers over time, it often sought financing
6 by borrowing against its future cash flows. This borrowing was not only used to finance operations at
7 LPG, but also to pay the fees owed to the marketing companies for providing the client referrals.

8 **30.** Many of the documents executed in connection with such financing described the
9 transactions as accounts receivable purchase agreements.

10 **31.** Diab used entities he controlled including, without limitation, Vulcan, Coast
11 Processing, PrimeLogix, and/or Maverick to divert LPG consumer funds and ACH Receivables. Diab
12 would use numerous ACH processing companies in order to easily transfer millions of dollars from
13 Debtor to these entities he controlled, without oversight or detection, and to avoid payment disputes
14 and complications. The money that flowed from Debtor through these bank accounts to defendants
15 consisted of Client Funds that Debtor funneled to these entities by means of the ACH processing
16 companies. Debtor also made deposits into these entities bank account such that they received Client
17 Funds directly from Debtor in addition to future Accounts Receivable.

18 **D. Defendants Reliance and Yuriy**

19 **32.** Reliance was one of the marketing companies that procured clients for LPG.

20 **33.** Based on information and belief Reliance and Yuriy through Reliance, acted as a
21 marketing affiliate for LPG.

22 **34.** LPG agreed to pay, and in fact paid Reliance a portion of the monthly payments
23 received from consumers referred by Reliance.

24 **35.** Based on information and belief, Reliance also likely entered into agreements pursuant
25 to which they purported to sell accounts receivable back to LPG. Pursuant to these agreements, Debtor
26 purported to buy from Reliance a portion of its income stream.

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1 **i. Affiliate Agreements**

2 **36.** Based upon the Trustee’s review of the business operations of the marketing affiliates,
3 Reliance’s Proof of Claim (as defined herein) signed by Yuriy—stating that Reliance was owed for
4 locating and onboarding clients to LPG, performing customer service tasks, and helping retain clients,
5 (Proof of Claim No. 2499-1 Page 1 of 1) and the Debtor’s banking records, including transactions
6 between Reliance and Debtor, upon information and belief, Defendants operated as a marketing
7 affiliate for the Debtor and such arrangement was dictated by an oral or written affiliate agreement
8 with Defendants (whether memorialized by written or oral agreement, the “Affiliate Agreement(s)”).
9 A true and accurate copy of the summary of the banking transaction history is attached as **Exhibit 2**
10 and incorporated herein (“Transaction History”).

11 **37.** Reliance owns and operates a system of generating leads consisting of consumers
12 interested in the legal services offered by LPG. *See e.g.*, Proof of Claim, Exhibit 7.

13 **38.** Pursuant to the Debtor’s other Affiliate Agreements, the marketing affiliate would be
14 required to generate leads consisting of consumers interested in the legal services offered by LPG and
15 refer those consumers to Debtor. Based on Reliance’s , Proof of Claim, Exhibit 7, that is also what
16 Reliance did for Debtor.

17 **39.** In exchange for the referrals, Debtor paid its marketing affiliates, including Reliance a
18 percentage of the fees associated with the client files. *See* Transaction History.

19 **40.** Affiliate Agreements and any associated referral activity conducted by Defendants
20 violate Sections 6151 and 6155 of the California Business and Professional Code, which prohibit
21 referrals of potential clients to attorneys unless registered with the State Bar of California. CAL. BUS.
22 & PROF. CODE § 6155. “Referral activity” includes “any entity ‘which, in person, electronically, or
23 otherwise, refers the consumer to an attorney or law firm not identified’ in the advertising.” *Jackson*
24 *v. LegalMatch.com*, 42 Cal. App. 5th 760, 775 (2019). A referral includes receiving information from
25 potential clients and sending that information to lawyers, even when the advertiser does not advertise
26 the name of the attorneys and the clients do not clear the name of the potential attorney after the referral
27 occurred. *Id.*

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1 **41.** Further, if any effect of an agreement is to accomplish an unlawful purpose, the
2 agreement may be declared illegal regardless of the intention of the parties. *Stockton Morris Plan Co.*
3 *v. Cal. Tractor & Equip. Corp.*, 112 Cal. App. 2d 684, 690 (1952) (citing *Fewel & Dawes, Inc. v.*
4 *Pratt*, 17 Cal. 2d 85, 91 (1941)). This remains true regardless of whether the contract has been
5 performed. *Stevens v. Boyes Hot Springs Co.*, 113 Cal. App. 479, 483 (1931) (A contract by a
6 corporation to purchase its own stock has the effect of illegally withdrawing and paying to a
7 stockholder a part of the capital stock of the corporation and is illegal and void, regardless of the fact
8 that the contract is fully performed by the sellers and partially performed by the corporation.);
9 *Mansfield v. Hyde*, 112 Cal. App. 2d 133, 139 (1952), overruled, *Fomco, Inc. v. Joe Maggio, Inc.*, 8
10 Cal. Rptr. 459 (1960) (Where object of statute requiring licenses is to prevent improper persons from
11 engaging in particular activity, or is for purpose of regulating occupation or business for protection of
12 public, imposition of penalty amounts to prohibition against engaging in occupation or business
13 without license, and contract made by unlicensed person in violation of statute is invalid.); *Firpo v.*
14 *Murphy*, 72 Cal. App. 249, 252 (1925) (A contract to pay commissions to a real estate broker is illegal
15 and he is not entitled to recover thereon where he fails to secure the license required by law to carry
16 on his business.).

17 **42.** Because Affiliate Agreements and associated referral activity violate federal and state
18 law since the named Defendants have not registered with the State Bar of California as required by
19 CAL. BUS. & PROF. CODE § 6155, they are void, unenforceable, and subject to avoidance as fraudulent.
20 Any alleged consideration provided to Debtor under the Affiliate Agreements (defined hereafter
21 below) was unlawful.

22 **43.** Unlawful consideration is that which is: “(1) contrary to an express provision of law;
23 (2) contrary to the policy of express law, though not expressly prohibited; or (3) otherwise contrary to
24 good morals.” Cal. Civ. Code § 1667. “If any part of a single consideration for one or more objects,
25 or of several considerations for a single object, is unlawful, the entire contract is void.” Cal. Civ. Code
26 § 1608.

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1 ii. **Account Receivable Purchase Agreements**

2 **44.** Based upon the Trustee's review of the Debtor's records, the Debtor entered into
3 several accounts receivable purchase agreements (whether memorialized by oral or written agreement,
4 "ARPA Agreement(s)") with its marketing affiliates.

5 **45.** Defendants intended to acquire "cash flow streams representing interests in customer
6 payments for debt validation". Upon information and belief, Reliance executed at least one ARPA.

7 **46.** Pursuant to the ARPA Agreements generally, the Debtor purports to buy from its
8 marketing affiliates' accounts receivable from consumers that were supposed to be held in trust until
9 earned.

10 **47.** In the 4 years prior to bankruptcy and after the Petition Date, LPG transferred to
11 Reliance not less than \$781,291.64.

12 **48.** By entering into the ARPA Agreements and/or agreeing to enter into such a transaction,
13 Debtor and Reliance violated federal and state laws by selling unearned legal fees or funds that were
14 supposed to be held in trust or used for the benefit of consumers.

15 **49.** The effect of the ARPA Agreements and/or related transactions was to accomplish an
16 unlawful purpose. Thus, the agreement may be declared illegal regardless of the intention of the
17 parties. *Stockton Morris Plan Co. v. Cal. Tractor & Equip. Corp.*, 112 Cal. App. 2d 684, 690 (1952)
18 (citing *Fewel & Dawes, Inc. v. Pratt*, 17 Cal. 2d 85, 91 (1941)). This remains true regardless of whether
19 the contract has been performed. *Stevens v. Boyes Hot Springs Co.*, 113 Cal. App. 479, 483 (1931) (A
20 contract by a corporation to purchase its own stock has the effect of illegally withdrawing and paying
21 to a stockholder a part of the capital stock of the corporation and is illegal and void, regardless of the
22 fact that the contract is fully performed by the sellers and partially performed by the corporation.);
23 *Mansfield v. Hyde*, 112 Cal. App. 2d 133, 139 (1952), overruled, *Fomco, Inc. v. Joe Maggio, Inc.*, 8
24 Cal. Rptr. 459 (1960) (Where object of statute requiring licenses is to prevent improper persons from
25 engaging in particular activity, or is for purpose of regulating occupation or business for protection of
26 public, imposition of penalty amounts to prohibition against engaging in occupation or business
27 without license, and contract made by unlicensed person in violation of statute is invalid.); *Firpo v.*
28 *Murphy*, 72 Cal. App. 249, 252 (1925) (A contract to pay commissions to a real estate broker is illegal

1 and he is not entitled to recover thereon where he fails to secure the license required by law to carry
2 on his business.).

3 **50.** Because the ARPA Agreements and/or related transactions violate federal and state
4 laws, it is void, unenforceable, and subject to avoidance as fraudulent. Any alleged consideration
5 provided to Debtor under the ARPA Agreements and/or related transactions was unlawful.

6 **51.** Unlawful consideration is that which is: “(1) contrary to an express provision of law;
7 (2) contrary to the policy of express law, though not expressly prohibited; or (3) otherwise contrary to
8 good morals.” Cal. Civ. Code § 1667. “If any part of a single consideration for one or more objects,
9 or of several considerations for a single object, is unlawful, the entire contract is void.” Cal. Civ. Code
10 § 1608.

11 **iii. Demand Letter**

12 **52.** On or about November 20, 2024, Trustee sent a demand letter to Reliance (“Demand
13 Letter 1”). A true and accurate copy of Demand Letter 2 is attached as **Exhibit 3**, and incorporated
14 here.

15 **53.** On or about November 25, 2025, Trustee sent a demand letter to Reliance (“Demand
16 Letter 2”). A true and accurate copy of Demand Letter 2 is attached as **Exhibit 4**, and incorporated
17 here.

18 **54.** Demand Letter 1 and Demand Letter 2 discussed certain transfers from Debtor that
19 were made to Reliance within the 4 year reach-back period, the 90-days. prior to the Petition Date,
20 and transfers made after the petition date. The 4-year transfers, 90-day transfers, and post petition
21 transfers were listed showing the date and amount, according to Debtor’s books and records, of each
22 transfer or other payment (“Transfer Schedules”). Trustee requested Reliance provide information to
23 assess whether any claim or defenses exist related to the transfers. No response was received from
24 Reliance.

25 **55.** Based on the information available to Trustee and considering the nature of the
26 relationship between Debtor and Defendants, no potential defenses were identified that could reduce
27 Defendants’ liability for the preference payment.

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1 **E. Payments to Reliance**

2 **56.** During the applicable reach-back period, Debtor paid Reliance the sum of at least
3 \$275,870.15 between October 2022 and March 2023 (“Transfers”). *See* Exhibit 2.

4 **57.** LPG paid, through Maverick Management Group LLC, at least \$15,352.00 of LPG
5 client funds through its accounts in order to pay marketing affiliates according to a review of LPG
6 bank records. *See* Exhibit 2.

7 **58.** LPG paid, through Prime Logix LLC, at least \$571,834.44 of LPG client funds through
8 its accounts in order to pay marketing Affiliates according to a review of LPG bank records. *See*
9 Exhibit 2 and 6.

10 **59.** LPG paid, through Vulcan Consulting, at least \$11,266.29 of LPG client funds through
11 its accounts in order to pay marketing Affiliates according to a review of LPG bank records. *See*
12 Exhibit 6.

13 **60.** At least \$231,169.20 of the Transfers from Debtor to Reliance occurred during the 90-
14 day preference period (“Preference Transfers”). A true and accurate list of the payments made during
15 the Preference Transfers is attached as **Exhibit 5**, and incorporated here.

16 **61.** Reliance received transfers in the amount of at least \$505,421.49 after the bankruptcy
17 petition was filed (“Post-Petition Transfers”). A true and accurate summary of the Post-Petition
18 Transfers is attached as **Exhibit 6**, and incorporated herein.

19 **F. LPG’s Ponzi Scheme**

20 **62.** The Ponzi Scheme Presumption exists in this Bankruptcy.

21 **63.** The Ponzi Scheme Presumption can be utilized to establish a debtor’s “intent to defraud
22 future undertakers [investors] from the mere fact that a debtor was running a Ponzi scheme. Indeed,
23 no other reasonable inference is possible. A Ponzi scheme cannot work forever. The investor pool is
24 a limited resource and will eventually run dry. The perpetrator must know that the scheme will
25 eventually collapse as a result of the inability to attract new investors. The perpetrator nevertheless
26 makes payments to present investors, which, by definition, are meant to attract new investors. He must
27 know all along, from the very nature of his activities, that investors at the end of the line will lose their
28 money. Knowledge to a substantial certainty constitutes intent in the eyes of the law, *cf. Restatement*

(*Second*) of Torts § 8A (1963 & 1964), and a debtor’s knowledge that future investors will not be paid is sufficient to establish his actual intent to defraud them. *Cf. Coleman Am. Moving Servs., Inc. v. First Nat’l Bank & Trust Co. (In re American Properties, Inc.)* (Bankr.D.Kan. 1981) 14 B.R. 637, 643 (intentionally carrying out a transaction with full knowledge that its effect will be detrimental to creditors is sufficient for actual intent to hinder, delay or defraud within the meaning of § 548(a) (1)).” *Merrill v. Abbott (In re Independent Clearing House Co.)* (D. Utah 1987) 77 B.R. 843, 860. A trustee in bankruptcy is not required to show that an operator of a Ponzi scheme was subjectively aware his Ponzi scheme was destined to fail. *In re EPD Inv. Co., LLC*, 114 F.4th at 1153 (9th Cir. 2024) (“[a] trustee’s action to recover assets fraudulently conveyed in the course of a Ponzi scheme does not require that the trustee also prove the Ponzi-scheme operator was subjectively aware his Ponzi scheme was destined to fail.”)

64. “But if all the debtor receives in return for a transfer is the use of the defendant’s money to run a Ponzi scheme, there is nothing in the bankruptcy estate for creditors to share. In fact, by helping the debtor perpetuate his scheme, the transfers exacerbate the harm to creditors by increasing the amount of claims while diminishing the debtor’s estate. In such a situation, the use of the defendant’s money cannot objectively be called “reasonably equivalent value.” *In re Independent Clearing House Co.* 77 B.R.at 859. Therefore, “[t]he trustee can avoid the transfers if they were preferential or fraudulent. Transfers to investors in a Ponzi scheme are preferential and fraudulent. Therefore, they constitute “property of the estate,” and the trustee can recover them. *Id.* at 853 n.17 (citations omitted).

65. Debtor was operating a Ponzi scheme that utilized Reliance and Yuriy through Reliance, and several other entities as investors to continue its unlawful business practices by using funds provided by current investors to attract new investors hoping for very high returns. Therefore, the Debtor was running a Ponzi scheme and the Ponzi Scheme Presumption can be utilized to infer that the Debtor had the intent to defraud investors within the meaning of 11 U.S.C. section 548(a)(1).

66. Moreover, since the Transfers were made with the intent to further the Ponzi scheme, the Debtor did not receive an objectively reasonable equivalent value for the Transfers, and the Trustee can avoid the Transfers because they were preferential and fraudulent.

G. LPG's Prepetition Creditors

67. Debtor was insolvent when each Transfer was made. This insolvency is evidenced in part by the fact that 14 separate UCC-1 statements were of record securing debts of the Debtor as of September 1, 2022. These statements remained unreleased as of the Petition Date. These statements either reflected secured liens against the Debtor's assets then owned or thereafter acquired, or provided evidence of the assignment or sale of substantial portions of the Debtor's future income.

68. Plaintiff directs Defendants to the Order Denying Greyson's Motion to Vacate the Preliminary Injunction entered as Bankr. Docket No. 1545 ("Order") where the Court found "it is clear to this Court that Debtor, since its pre-petition inception (and through the time of the appointment of the Chapter 11 Trustee) was, in the Court's opinion operating a criminal enterprise" and that "[t]here is also evidence before the Court that the Debtor was running a Ponzi scheme and paying some outside (or 'network') attorneys with funds obtained from new clients." Order p. 3, l. 11-13; p. 4, l. 14-15. Insolvency is presumed as a matter of law if the debtor operated a Ponzi scheme. *See, e.g., Glob. Money Mgmt., L.P. v. McDonnold*, No. 06CV34, 2008 U.S. Dist. LEXIS 128733, at *15 (S.D. Cal. Feb. 27, 2008) (concluding that "if a Ponzi scheme is proven, then the debtor is proven insolvent from the time of its inception").

69. When the Transfers were made, these prior UCC-1 statements secured the repayment of the following claimed amounts that are currently known to Trustee and are allegedly owed by the Debtor: (i) \$2,374,004.82 owed to Fundura Capital Group as evidenced by Proof of Claim No. 335 purportedly secured by a UCC statement filed on or about May 19, 2021; (ii) approximately \$15 million dollars owed to MNS Funding, LLC as evidenced by Proof of Claim No. 1060 purportedly secured by a UCC statement filed on or about May 28, 2021; (iii) approximately \$5,000,000 owed to Azzure Capital, LLC as evidenced by Proof of Claim No. 127 purportedly secured by a UCC statement filed on or about May 28, 2021; and (iv) approximately \$1.5 million dollars owed to Diverse Capital, LLC purportedly secured by UCC statements filed on or about September 15, 2021, and December 1, 2021.^[1]

^[1] Trustee reserves all rights, claims, and defenses with respect to these and any other purported secured or unsecured claims.

1 **70.** As alleged above, LPG was borrowing against its assets and future income, often on
2 unfavorable terms, not only to finance operations at LPG, but also to pay the fees owed to the
3 marketing affiliates for providing it with consumer clients. Pursuant to the agreements with the
4 marketing companies, significant percentages of future payments were already promised to be paid to
5 the marketing affiliates from whatever future income the Debtor would receive.

6 **71.** In addition, on Debtor's Schedule E/F [Bankr. Docket No. 33], Debtor scheduled 11
7 unsecured creditors with priority unsecured claims totaling \$374,060.04. These priority unsecured
8 creditors include Indiana Dept. of Revenue, Dept. of Labor and Industries, Arizona Dept. of Economic
9 Security, Arkansas Dept. of Finance & Admin., California Franchise Tax Board, Georgia Dept. of
10 Labor, Internal Revenue Service, Mississippi Dept. of Revenue, Nevada Dept. of Taxation, Utah State
11 Tax Commission, and Wisconsin Dept. of Revenue (collectively, "Priority Unsecured Creditors").

12 **72.** Another group of creditors that Debtor listed on its Schedule E/F [Bankr. Docket No.
13 33] are nonpriority unsecured creditors. Those 58 creditors have scheduled claims totaling
14 \$141,439,158.05 and include Ajilon; Anthem Blue Cross; Azevedo Solutions Groups, Inc.; Carolina
15 Technologies & Consulting Invoice; Collaboration Advisors; Credit Reporting Service Inc.; CT
16 Corporation – Inv.; Debt Pay Pro; Document Fulfillment Services; EnergyCare, LLC; Exela Enterprise
17 Solutions; First Legal Network, LLC; GHA Technologies Inc.; Harrington Electric, Inc.; Imagine
18 Reporting; Juize, Inc.; Krisp Technologies, Inc.; Liberty Mutual; Marc Lemauiel – Allegra;
19 MarkSYS Holdings, LLC; Netsuite-Oracle; Pitney Bowes; Rapid Credit, Inc.; SBS Leasing A
20 Program of De Lage Landen; Security Solutions; Sharp Business Systems; Streamline Performance,
21 Inc.; Thomson Reuters; Twilio, Inc.; Nationwide Appearance Attorneys; Executive Center, LLC;
22 Outsource Accelerator, Ltd.; TaskUs Holdings, Inc.; Marich Bein, LLC; Validation Partners; MC DVI
23 Fund 1, LLC; MC DVI Fund 2, LLC; Debt Validation Fund II, LLC; Tustin Executive Center;
24 LexisNexus; JP Morgan Chase; Business Centers of America; Michael Schwartz; Anibal Colon Jr.;
25 Kathleen Lacey; David Ulery; Kimberly Birdsong; Kevin Carpenter; Karen Suell; Gloria Eaton;
26 Carolyn Beech; Debra Price; Kenneth Topp; Darcey Williamson, Trustee; James Hammett; Johnny
27 Rizo; Beverly Graham; Kathleen Scarlett; and Geneve and Myranda Sheffield (collectively,
28 //.

1 “Nonpriority Unsecured Creditors” and, together with the Secured Creditors and Priority Unsecured
2 Creditors, “Prepetition Creditors”).

3 **73.** As of the date that the complaint was drafted, approximately 5,771 claims have been
4 filed with the bankruptcy Court. While Trustee has not reviewed all claims as of the date of this
5 complaint, and reserves all rights to object to those claims, the total amount is in excess of
6 approximately \$717,507,462.29.

7 **74.** Debtor’s profit and loss statements reflect at least \$115,000,000 of “Total Income” for
8 the three-year period ending December 31, 2021, and based on information and belief that a substantial
9 portion of this income had not actually been earned by Debtor. Proper accounting treatment of this
10 unearned “income” would have been to record the unearned portion as cash received in client trust or
11 IOLTA bank account with an offsetting client retainer liability account in the same amount. Thus, the
12 unearned portion of the income would be present only on the balance sheet and not on Debtor’s profit
13 and loss statement. Debtor’s balance sheets reflect two trust accounts, the highest balance of which
14 was approximately \$346,000 in November 2021. The balance sheets do not reflect a client retainer
15 liability account. Thus, it appears that Debtor overstated its income during the three years ending
16 December 31, 2021, though the extent to which it is overstated remains unknown. Further, assuming
17 (as it appears to be the case) Debtor did not properly record its unearned income on its balance sheets
18 using a trust account and offsetting client retainer liability account then Debtor’s assets and liabilities
19 on those balance sheets would be inaccurate.

20 **75.** Additionally, just because Debtor had incoming cash that does not necessarily mean it
21 was solvent. Based on information and belief Debtor’s incoming cash was related to unearned income
22 and should have been held in an appropriate trust account and recorded on its balance sheet with an
23 offsetting client retainer payable account until it was earned. This treatment is further reinforced as
24 appropriate by the fact that Debtor offered its clients a refund for unearned income. Thus, Debtor’s
25 incoming cash neither increased its assets (due to the offsetting client retainer liability in the same
26 amount) nor would it increase its profitability until services were rendered and the income was actually
27 earned.

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1 **76.** Debtor's balance sheets for the 36 months ending December 31, 2021 show only
2 approximately \$17,900,000 in total assets (primarily comprised of accounts receivable and merchant
3 loans receivable) at its highest point in November 2021. Obviously, this amount is significantly less
4 than the \$700,000,000 of claims filed, further evidencing Debtor's state of insolvency.

5 **FIRST CLAIM FOR RELIEF**

6 **Count I - Avoidance, Recovery, and Preservation of Actual Fraudulent Transfers**

7 **Against Reliance**

8 **[11 U.S.C. §§ 544, 548(a) (1) (A), 550, and 551]**

9 **77.** Plaintiff realleges and incorporates here by reference each and every allegation
10 contained in paragraphs 1 through 76 as though set forth in full.

11 **78.** All or a portion of the Transfers occurred within the two years prior to the Petition Date
12 and thus, any agreements between the Debtor and the Reliance did as well, whether or not
13 memorialized in Affiliate Agreements, ARPA Agreements, or other agreements.

14 **79.** On or after the date that any such agreements were entered or executed and the
15 Transfers were made, entities to which Debtor was or became indebted include the Prepetition
16 Creditors.

17 **80.** The Transfers happened while Debtor was insolvent or rendered Debtor insolvent.

18 **81.** Despite Debtor's obligation to the Prepetition Creditors, Debtor continued to pay
19 Reliance sums received from consumers under such Affiliate Agreements, which constitute illegal
20 capping agreements between Reliance and Debtor. Any obligation of the Debtor arising from such
21 agreement is avoidable as fraudulent.

22 **82.** Despite Debtor's obligation to the Prepetition Creditors, Reliance continued to sell
23 portions of the illegal accounts receivables generated under the ARPA Agreements to Debtor, which
24 is illegal under federal and state laws.

25 **83.** The Transfers were made with actual intent to hinder, delay, or defraud creditors of
26 Debtor.

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1 **84.** The Debtor was operating a Ponzi scheme and the Ponzi Scheme Presumption can be
2 utilized to infer the Debtor's actual intent to defraud within the meaning of 11 U.S.C. Section
3 548(a)(1).

4 **85.** The Affiliate Agreements, ARPA Agreements, and the Transfers of Debtor's funds are
5 avoidable as fraudulent pursuant to 11 U.S.C. §§ 544, 548(a)(1)(A), 550, and 551, and the common
6 law tort of intentional fraudulent transfers by one or more creditors who held and hold unsecured
7 claims against Debtor that were and are allowable against his Estate under 11 U.S.C. § 502 or that
8 were not and are not allowable only under 11 U.S.C. § 502(e), including, without limitation, the
9 Prepetition Creditors.

10 **86.** The Affiliate Agreements, ARPA Agreements, and Transfers should be avoided as
11 fraudulent under 11 U.S.C. § 548(a)(1)(A) and under the common law tort of intentional fraudulent
12 transfers, and such transferred property, or the value thereof, should be recovered and preserved for
13 the benefit of the Estate pursuant to 11 U.S.C. §§ 550 and 551.

14 **SECOND CLAIM FOR RELIEF**

15 **Count II - Avoidance, Recovery, and Preservation of Constructive Fraudulent Transfers**

16 **Against Reliance**

17 **[11 U.S.C. §§ 544, 548(a) (1) (B), 550, and 551]**

18 **87.** Plaintiff realleges and incorporates here by reference each and every allegation
19 contained in paragraphs 1 through 86 as though set forth in full.

20 **88.** The Affiliate Agreements, ARPA Agreements, and all or a portion of the Transfers
21 occurred within the two years prior to the Petition Date.

22 **89.** On or after the date that such agreements were executed and such Transfers were made,
23 entities to which Debtor was or became indebted include the Prepetition Creditors.

24 **90.** The Transfers happened while Debtor:

- 25 a. was insolvent or became insolvent as a result;
- 26 b. was engaged or was about to engage in a transaction for which any property
- 27 remaining with Debtor had unreasonably small capital; or

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1 c. intended to incur, or believed that it would incur, debts beyond its ability to pay
2 as such debts matured.

3 **91.** Because the referrals from Reliance to Debtor are illegal under federal and state law,
4 they are void and subject to avoidance as fraudulent. Any purported consideration constitutes unlawful
5 consideration, which cannot constitute reasonably equivalent value. Thus, at the time the agreements
6 were executed and the Transfers made, Debtor received less than reasonably equivalent value.

7 **92.** Furthermore, the Debtor did not receive the reasonably equivalent value of the
8 Transfers to Reliance because by using Reliance's money to run a Ponzi Scheme, there is nothing in
9 the Estate for the creditors to share and no benefit to the estate. Rather, the Transfers exacerbated the
10 harm to creditors by increasing the amount of claims while diminishing the Debtor's Estate. In this
11 situation, the use of Reliance's money to further the Debtor's Ponzi scheme cannot be consideration
12 for the Transfers and cannot objectively be called reasonably equivalent value.

13 **93.** Reliance were acting as investors in the Debtor's Ponzi scheme. Because the sale of
14 the accounts receivable from Reliance to Debtor is illegal under federal and state law, the sale is void
15 and subject to avoidance as fraudulent. Any purported consideration constitutes unlawful
16 consideration, which cannot constitute reasonably equivalent value. Thus, at the time the agreements
17 were executed and the Transfers made, Debtor received less than reasonably equivalent value.

18 **94.** The Affiliate Agreements, ARPA Agreements, and the Transfers should be avoided as
19 fraudulent under 11 U.S.C. §§ 544 and 548(a)(1)(B), and such transferred property, or the value
20 thereof, should be recovered and preserved for the benefit of the Estate pursuant to 11 U.S.C. §§ 550
21 and 551.

22 **THIRD CLAIM FOR RELIEF**

23 **Count III - Avoidance, Recovery, and Preservation of Actual Fraudulent Transfers**

24 **Against Reliance**

25 **[11 U.S.C. §§ 544(b), 550, and 551; CAL. CIV. CODE §§ 3439.04(a), 3430.04(b), and 3439.07]**

26 **95.** Plaintiff realleges and incorporates here by reference each and every allegation
27 contained in paragraphs 1 through 94 as though set forth in full.

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1 **96.** The Affiliate Agreements, ARPA Agreements, and all or a portion of the Transfers
2 occurred within the four years prior to the Petition Date.

3 **97.** On or after the date that such agreements were entered and such Transfers were made,
4 entities to which Debtor was or became indebted include the Prepetition Creditors.

5 **98.** Despite Debtor's obligation to the Prepetition Creditors, Debtor continued to pay
6 Reliance sums received from consumers under the Affiliate Agreements, which constitutes an illegal
7 capping agreement between Reliance and Debtor.

8 **99.** The Transfers happened while Debtor was insolvent or Debtor became insolvent
9 shortly after the Transfers were made as is evidenced by the filing of the voluntary petition.

10 **100.** The value of the consideration received by Debtor for such Transfers was not
11 reasonably equivalent to the value of the Transfers because the Transfers were used to further assist
12 Debtor in its Ponzi scheme.

13 **101.** Because the referrals from Reliance to Debtor are illegal under federal and state law,
14 they are void and subject to avoidance as fraudulent. Any purported consideration constitutes unlawful
15 consideration, which cannot constitute reasonably equivalent value. Thus, at the time the agreements
16 were executed and the Transfers made, Debtor received less than reasonably equivalent value.

17 **102.** Despite Debtor's obligation to the Prepetition Creditors, Debtor continued to buy
18 accounts receivables from Reliance which is illegal under federal and state law. Because they are
19 illegal under federal and state law, they are void and subject to avoidance as fraudulent.

20 **103.** The Transfers were made with actual intent to hinder, delay, or defraud creditors of
21 Debtor.

22 **104.** The Debtor's conduct was done with oppression, fraud, and malice, as defined in
23 Civil Code section 3294, based on the Ponzi Scheme Presumption, entitling the Trustee to, in addition
24 to the actual damages, exemplary or punitive damages for making an example of the Debtor and to
25 punish the Debtor.

26 **105.** The Affiliate Agreements the ARPA Agreements and the Transfers of Debtor's funds
27 are avoidable as fraudulent pursuant to 11 U.S.C. § 544(b) and Cal. Civ. Code §§ 3439.04(a),
28 3439.04(b), and 3439.07 by one or more creditors who held and hold unsecured claims against Debtor

1 that were and are allowable against the Estate under 11 U.S.C. § 502 or that were not allowable only
2 under 11 U.S.C. § 502(e) including, without limitation, the Prepetition Creditors. The Affiliate
3 Agreements, the ARPA Agreements, and the Transfers of Debtor's funds are avoidable as fraudulent
4 pursuant to 11 U.S.C. § 544(b) and CAL. CIV. CODE §§ 3439.04(a) and 3439.07 by one or more
5 creditors who held and hold unsecured claims against Debtor that were and are allowable against his
6 Estate under 11 U.S.C. § 502 or that were not and are not allowable only under 11 U.S.C. § 502(e),
7 including, without limitation, the Prepetition Creditors.

8 **106.** Accordingly, the Affiliate Agreements, the ARPA Agreements, and the Transfers
9 should be avoided as fraudulent under 11 U.S.C. §§ 544(b) and CAL. CIV. CODE §§ 3439.04(a) and
10 3439.07, and under the common law tort of intentional fraudulent transfers, and such transferred
11 property, or the value thereof, should be recovered and preserved for the benefit of the Estate pursuant
12 to 11 U.S.C. §§ 550 and 551 and CAL. CIV. CODE § 3439.07.

13 **FOURTH CLAIM FOR RELIEF**

14 **Count IV - Avoidance, Recovery, and Preservation of Constructive Fraudulent Transfers**

15 **Against Reliance**

16 **[11 U.S.C. §§ 544(b), 550, and 551; CAL. CIV. CODE §§ 3439.05, and 3439.07]**

17 **107.** Plaintiff realleges and incorporates here by reference each and every allegation
18 contained in paragraphs 1 through 106 as though set forth in full.

19 **108.** The Affiliate Agreements, the ARPA Agreements, and all or a portion of the Transfers
20 occurred within the four years prior to the Petition Date.

21 **109.** The Transfers happened while Debtor:
22 a. was insolvent or became insolvent as a result;
23 b. was engaged or was about to engage in a transaction for which any property
24 remaining with Debtor was of unreasonably small capital; or
25 c. intended to incur, or believed that it would incur, debts beyond its ability to pay
26 as such debts matured.

27 **110.** Because the referrals from Reliance to Debtor are illegal under federal and state law,
28 the agreements are void and subject to avoidance as fraudulent. Any purported consideration

1 constitutes unlawful consideration, which cannot constitute reasonably equivalent value. Thus, at the
2 time the agreements were executed and the Transfers made, Debtor received less than reasonably
3 equivalent value.

4 **111.** Furthermore, the Debtor did not receive the reasonably equivalent value of the
5 Transfers to Reliance because by using Reliance's money to run a Ponzi Scheme, there is nothing in
6 Estate for the creditors to share. Rather, the Transfers exacerbated the harm to creditors by increasing
7 the amount of claims while diminishing the Debtor's Estate. In this situation, the use of Reliance's
8 money to further the Debtor's Ponzi Scheme cannot be consideration for the Transfers and cannot
9 objectively be called reasonably equivalent value.

10 **112.** Reliance were therefore acting as an investor in the Debtor's Ponzi scheme and any
11 Transfers made to Reliance can be avoided by the Plaintiff since the Transfers to Reliance are
12 preferential and fraudulent such that they constitute property of the Estate in which the Plaintiff can
13 recover.

14 **113.** Because the sale of the accounts receivable from Reliance to Debtor are illegal under
15 federal and state law, they are void and subject to avoidance as fraudulent. Any purported
16 consideration constitutes unlawful consideration, which cannot constitute reasonably equivalent value.
17 Thus, at the time the agreements were executed and the Transfers made, Debtor received less than
18 reasonably equivalent value.

19 **114.** The Affiliate Agreements, the ARPA Agreements, and the Transfers of Debtor's funds
20 are avoidable as fraudulent pursuant to 11 U.S.C. § 544(b) and CAL. CIV. CODE §§ 3439.05 and
21 3439.07 by one or more creditors who held and hold unsecured claims against Debtor that were and
22 are allowable against his Estate under 11 U.S.C. § 502 or that were not and are not allowable only
23 under 11 U.S.C. § 502(e), including, without limitation, the Prepetition Creditors.

24 **115.** Accordingly, the Affiliate Agreements, the ARPA Agreements, and the Transfers
25 should be avoided as fraudulent under 11 U.S.C. §§ 544(b) and CAL. CIV. CODE §§ 3439.05 and
26 3439.07, and such transferred property, or the value thereof, should be recovered and preserved for
27 the benefit of the Estate pursuant to 11 U.S.C. §§ 550 and 551 and CAL. CIV. CODE § 3439.07.

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FIFTH CLAIM FOR RELIEF

**Count V - Avoidance, Recovery, and Preservation of Preferential Transfer to Reliance in
Preference Period**

Against Reliance

[11 U.S.C. §§ 547, 550, and 551]

116. Plaintiff realleges and incorporates here by reference each and every allegation contained in paragraphs 1 through 115 as though set forth in full.

117. The Preference Transfers were made for, or on account of, an antecedent debt or debts owed by the LPG to Reliance each of which constituted a “debt” or “claim” (as those terms are defined in the Bankruptcy Code) of Reliance.

118. The Preference Transfers happened while LPG was insolvent.

119. Debtor is also entitled to the presumption of insolvency when the Preference Transfers happened pursuant to 11 U.S.C. § 547(f).

120. As a result of the Preference Transfers, Reliance recovered more than it would have received if: (i) the Debtor’s case was under chapter 7 of the Bankruptcy Code; (ii) the Preference Transfers had not been made; and (iii) Reliance received payments of its debts under the provisions of the Bankruptcy Code. As evidenced by the Debtor’s schedules filed in the underlying Bankruptcy Case, as well as the proofs of claim that have been received to date, the Debtor’s liabilities exceed its assets to the point that unsecured creditors will not receive a full payout of their claims from the Debtor’s Estate.

121. In accordance with the foregoing, the Preference Transfers are voidable pursuant to 11 U.S.C. § 547(b), and may be recovered and preserved for the benefit of the estate pursuant to 11 U.S.C. §§ 550 and 551.

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SIXTH CLAIM FOR RELIEF

Count VI - Avoidance, Recovery, and Preservation of Post-Petition Transfers to Reliance

Against Reliance

[11 U.S.C. §§ 549, 550, and 551]

122. Plaintiff realleges and incorporates here by reference each and every allegation contained in paragraphs 1 through 121 as though set forth in full.

123. Reliance received transfers in the amount of at least \$505,421.49 after the bankruptcy petition was filed. *See* Ex. 5.

124. Under 11 U.S.C. §549(a), the trustee may avoid a transfer of property of the estate that occurs after the commencement of the case and that is not authorized by the court with jurisdiction over the Bankruptcy Estate.

125. Reliance received the Post-Petition Transfers after the Petition Date and the Post-Petition Transfers were not authorized.

126. In accordance with the foregoing, the Post-Petition Transfers are voidable pursuant to 11 U.S.C. § 549, and may be recovered and preserved for the benefit of the estate pursuant to 11 U.S.C. §§ 550 and 551.

SEVENTH CLAIM FOR RELIEF

Aiding and Abetting

Against Defendants

[11 U.S.C. §§ 544(b), 550, and 551; CAL. CIV. CODE §§ 3439.04(a), 3439.04(b), and 3439.07]

127. Plaintiff realleges and incorporates herein by reference each and every allegation contained in paragraphs 1 through 126 as though set forth in full.

128. Defendants, based upon information and belief and based on the Ponzi Scheme Presumption, had knowledge of the fraudulent transactions, transfers and illegal agreements that were used to perpetuate and conceal the Ponzi scheme and fraudulent transfers.

129. Defendants, with the foregoing knowledge, intended to, and did, help the Debtor in perpetuating and concealing the Ponzi scheme and fraudulent transfers of money.

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2 130. At all material times, Defendants had the intent to facilitate and conceal the Ponzi
3 scheme and fraudulent transfers of money by aiding and abetting the illegal capping scheme and
4 signing up consumer clients to keep the business going.

5 131. Defendants, upon information and belief, assisted, and did actually engage in, the
6 commission of fraud and the Ponzi scheme by coordinating, facilitating, and directing payments and
7 transfers of monies and executing documents in furtherance of concealing the true nature of their
8 fraudulent and criminal activity related to the Ponzi scheme.

9 132. The injuries to Plaintiff, the Debtor's Estate and to its creditors directly, proximately
10 and reasonably foreseeably resulting from and caused by violations of Sections 6151 and 6155 of
11 the California Business and Professional Code include, without limitation, hundreds of thousands
12 of dollars in improperly transferred and acquired monies.

13 133. Plaintiff and the Debtor's Estate also suffered damages by incurring attorney's fees
14 and costs associated with the prosecution of Defendants' unlawful activities.

15 **EIGHTH CLAIM FOR RELIEF**

16 **Count VI- Turnover of Estate Property**

17 **Against Defendants**

18 **[11 U.S.C. § 542]**

19 134. Plaintiff realleges and incorporates herein by reference each and every allegation
20 contained in paragraphs 1 through 133 as though set forth in full.

21 135. Defendants have possession or control over property of the Estate including, but not
22 limited to the Transfers, Preference Transfers, and Post-Petition Transfers made pursuant to illegal
23 and unenforceable agreements.

24 136. The property, including but not limited to the Transfers, Preference Transfers, and
25 Post-Petition Transfers are not of inconsequential value to the Estate.

26 137. The funds that are the subject of the Transfers, Preference Transfers, and Post-
27 Petition Transfers are paramount to Debtor's ability to pay creditors.

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2 138. Accordingly, Trustee is entitled to a judgment for turnover of the Transfers,
3 Preference Transfers, and Post-Petition Transfers pursuant to 11 U.S.C. § 542.

4 **NINTH CLAIM FOR RELIEF**

5 **Disallowance of Claims**

6 **Against Reliance**

7 **[11 U.S.C. § 502(d)]**

8 139. Plaintiff realleges and incorporates herein by reference each and every allegation
9 contained in paragraphs 1 through 138 as through set forth in full.

10 140. On February 23, 2024 Reliance filed a proof of claim as Claim No. 2499 (the “Proof
11 of Claim), in the amount of One Dollar (\$1.00). A true and accurate copy of the Proof of Claim is
12 attached here as **Exhibit 7** and incorporated herein. This Proof of Claim was signed by Yuriy on
13 behalf of Reliance.

14 141. The Proof of Claim’s attachment states that it is owed funds for, “[l]ocating and
15 onboarding clients to LPG... [p]erforming customer service tasks...” and, among other things,
16 “[p]roviding a retention function to encourage clients of LPG to remain with LPG or encouraging
17 client who had terminated their relationship with LPG to resume such relationship...”. Proof of
18 Claim No. 2499-1, Page 1 of 1.

19 142. Based on the Defendants’ conduct set forth in paragraphs 1 through 137, the Proof
20 of Claim and any other claims having been filed or to be filed by Reliance in the Bankruptcy case
21 should be disallowed pursuant to 11 U.S.C. § 502(d).

22 **RESERVATION OF RIGHTS**

23 143. Plaintiff reserves the right to bring all other claims or causes of action that Plaintiff
24 may have against Defendants, on any and all grounds, as allowed under the law or in equity,
25 including but not limited to, those claims not known by the Trustee at this time but that he may
26 discover during the pendency of this adversary proceeding.

27 **PRAYER FOR RELIEF**

28 **WHEREFORE**, Plaintiff prays for a judgment as follows:

On The First, Second, Third, and Fourth Claims for Relief:

1. Avoiding, recovering, and preserving the Transfers against Reliance;

On the Fifth Claim for Relief:

2. Avoiding, recovering, and preserving the Preference Transfers against Reliance;

On the Sixth Claim for Relief:

3. Avoiding, recovering, and preserving the Post-petition Transfers against Reliance;

On the Seventh Claim for Relief

4. Awarding Plaintiff monetary damages in the amount of all fraudulent transfers obtained by Defendants from Debtor;

On the Eighth Claim for Relief

5. Ordering Reliance and Yuriy to immediately turn over the property of the estate, including, but not limited to, the Transfers, Preference Transfers, and/or Post-Petition Transfers it received from Debtor;

On the Ninth Claim for Relief

6. Disallowing the Proof of Claim and all other Claims filed by Reliance as the funds requested are based on fraudulent activities;

On All Claims for Relief:

7. Awarding costs of suit incurred here;
8. Awarding punitive damages against Reliance and Yuriy; and
9. Awarding attorney's fees;
10. Awarding pre-judgement and post-judgement interest; and
11. Granting any other and further relief as the Court deems just and proper.

Dated: February 25, 2025

Respectfully submitted,

DINSMORE & SHOHL LLP

By: /s/ Sara A. Johnston

Sara A. Johnston

*Special Counsel to Richard A. Marshack, Former
Chapter 11 Trustee for the Bankruptcy Estate of The
Litigation Practice Group PC and Current
Liquidating Trustee of the LPG Liquidation Trust*

Exhibit 1.

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(Admitted pro hac vice)

Special Counsel to Richard A. Marshack

FILED & ENTERED

JUN 03 2024

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY mcall DEPUTY CLERK

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA – SANTA ANA DIVISION

In Re

Case No: 23-bk-10571-SC

Chapter 11

The Litigation Practice Group P.C.,

**ORDER GRANTING MOTION FOR
ENTRY OF PROTECTIVE ORDER AND
THE PROTECTIVE ORDER**

Debtor(s),

Date: May 23, 2024

Time: 1:30 p.m.

Judge: Hon. Scott C. Clarkson

Place: Courtroom 5C (via Zoom)¹

411 West Fourth Street

Santa Ana, CA 92701

¹ Video and audio connection information for each hearing will be provided on Judge Clarkson's publicly posted hearing calendar, which may be viewed online at:
<http://ecf-ciao.cacb.uscourts.gov/CiaoPosted/?jid=SC>.

1 The Court has read and considered the Notice of Motion and Motion for Entry of Protective
2 Order (the "Motion") filed by Richard A. Marshack, in his capacity as the Chapter 11 Trustee (the
3 "Trustee") of the Bankruptcy Estate ("Estate") of The Litigation Practice Group P.C., on May 2, 2024,
4 pursuant to Federal Rule of Bankruptcy Procedure 7026 and Federal Rule of Civil Procedure 26(c)(1),
5 as Dk. No. 1164 ("Motion"), and has found good cause to grant the Motion.

6 IT IS HEREBY ORDERED that:

- 7 1. The Motion is granted;
- 8 2. The below Protective Order shall apply to any contested matter arising
9 in the main bankruptcy case and in all adversary proceedings filed by or against Trustee,
10 present and future; and
- 11 3. Govern the discovery conducted therein.

12 **PROTECTIVE ORDER**

13 **1. DEFINITIONS**

14 1.1 "Confidential Information" as used in this Protective Order shall mean documents and
15 other information (regardless of how generated, stored or maintained) that a Party or non-party
16 reasonably believes to contain or reflect non-public financial or business information, bank records,
17 financial records, such as social security numbers, non-public financial or personal information of a
18 Party or non-party, account numbers, sensitive digital information and identifiers, information subject
19 to confidentiality agreements or provisions other than this Protective Order, and other non-public
20 research, development, or commercial information that derives value or avoids injury by virtue of not
21 being known to the public.

22 1.2 This "Action" is defined and hereby means any contested matter arising in the main
23 bankruptcy case and in all adversary proceedings filed by or against Trustee, present and future.

24 1.3 "Designating Party" means a Party or non-party that designates Confidential
25 Information during the Action.

26 1.4 "Receiving Party" means a Party that receives Confidential Information during the
27 Action.
28

1 1.5 “Party” or “Parties” means person or entity subject to this Protective Order.

2 **2. SCOPE OF THIS PROTECTIVE ORDER**

3 2.1 Unless otherwise ordered, this Protective Order shall govern certain documents and
4 other products of discovery obtained in the Action from the Parties there to, and from third parties.
5 As well as certain information copied or derived therefrom, excerpts, summaries or compilations
6 thereof, including, but not limited to, documents voluntarily exchanged as part of early settlement
7 discussions, documents produced pursuant to initial disclosures, requests authorized by the Federal
8 Rules of Civil Procedure made applicable herein by the Federal Rules of Bankruptcy Procedure,
9 answers to interrogatories, deposition transcripts, responses to requests for production, responses to
10 requests for admission, subpoenas, affidavits, declarations, expert reports, and other such material
11 and information as may be produced during the course of the Action and designated as Confidential
12 Information.

13 **3. DESIGNATION OF CONFIDENTIAL INFORMATION**

14 3.1 This Protective Order shall govern the production and handling of any Confidential
15 Information in this Action. Any Party or non-party who produces Confidential Information in this
16 Action may designate it as "Confidential" or "Attorneys' Eyes Only" consistent with the terms of this
17 Protective Order. Whenever possible, the Designating Party must designate only those portions of a
18 document, written discovery responses, deposition, transcript, or other material that contain the
19 Confidential Information and refrain from designating entire documents. Regardless of any
20 designations made hereunder, the Designating Party is not otherwise restricted from use or disclosure
21 of its Confidential Information outside of this Action or for any business purposes. In addition, any
22 Party may move to modify or seek other relief from any of the terms of this Protective Order if it has
23 first tried in writing and in good faith to resolve its needs or disputes with the other Parties or Party
24 as the case may be under the terms of this Protective Order. Further, nothing in this Protective Order
25 shall prevent a Party from redacting documents consistent with the Federal Rules of Civil Procedure
26 and utilizing the documents as needed through-out the Action.

27 3.2 Application to Non-Parties: Before a non-party is given copies of documents or
28 materials designated as Confidential Information or Attorneys' Eyes Only as permitted hereunder, it

1 must first sign an acknowledgment to be bound to these terms that is attached hereto as Exhibit A; if
2 it fails to do so, the Parties to this Action must resolve any such dispute before making disclosure of
3 designated information as permitted hereunder to the non-party. If a non-party wishes to make
4 designations hereunder, it must first sign attached Exhibit A.

5 3.3 Timing and Provisional Protection: Designations of Confidential Information may be
6 made at any time. To avoid potential waiver of protection hereunder, the Designating Party should
7 designate documents or materials containing Confidential Information at the time of production or
8 disclosure, including on the record during the taking of any deposition. Deposition testimony will be
9 deemed provisionally protected for a period of thirty (30) days after the transcript is released to the
10 Parties by the court reporter, although the Parties may agree at any time to different timelines of
11 provisional protection of information as Confidential or Attorneys' Eyes Only as part of one or more
12 specific depositions. To retain any designations beyond the provisional period, a Designating Party
13 must designate specific pages and lines of deposition testimony before the provisional period has
14 expired. Such designations must be made in writing so that all counsel and court reporters may append
15 the designation to all copies of the transcripts.

16 3.4 Manner of Designation: Confidential Information may be designated hereunder in any
17 reasonable manner or method that notifies the Receiving Party of the designation level and identifies
18 with specificity the information to which the designation applies. If made verbally, the Designating
19 Party must promptly confirm the designation in writing. Whenever possible, the Designating Party
20 should stamp, affix, or embed a legend of "CONFIDENTIAL" or "ATTORNEYS' EYES ONLY" on
21 each designated page of the document or electronic image that contains Confidential Information.

22 **4. CHALLENGES TO DESIGNATED INFORMATION**

23 4.1 In the event that a Receiving Party disagrees at any time with any designation(s) made
24 by the Designating Party, the Receiving Party must first try to resolve such challenge in good faith
25 on an informal basis with the Designating Party. The Receiving Party must provide written notice of
26 the challenge and the grounds therefor to the Designating Party, who must respond in writing to the
27 challenge within fifteen (15) days. At all times, the Designating Party carries the burden of
28 establishing the propriety of the designation and protection level. Unless and until the challenge is

1 resolved by the Parties or ruled upon by the Court, the designated information shall remain protected
2 under this Protective Order. The failure of any Receiving Party to challenge a designation does not
3 constitute a concession that the designation is proper or an admission that the designated information
4 is otherwise competent, relevant, or material.

5 **5. LIMITED ACCESS/USE OF PROTECTED INFORMATION**

6 5.1 Restricted Use: Information that is produced or exchanged in the course of the Action
7 and designated under this Protective Order may be used for preparation for trial and preparation for
8 any appeal of any and all matters in the Action, as well as related settlement negotiations, and for no
9 other purpose, without the written consent of the Designating Party. No Confidential Information may
10 be disclosed to any person except in accordance with the terms of this Protective Order, unless the
11 parties are co-counsel or have entered into joint defense agreements. All persons in possession of
12 Confidential Information agree to exercise reasonable care with regard to the custody, use, or storage
13 of such information to ensure that its confidentiality is maintained. This obligation includes, but is
14 not limited to, the Receiving Party providing to the Designating Party prompt notice of the receipt of
15 any subpoena that seeks production or disclosure of any designated information and consulting with
16 the Designating Party before responding to the subpoena. Any use or disclosure of Confidential or
17 Attorneys' Eyes Only information in violation of the terms of this Protective Order may subject the
18 disclosing person or party to sanctions.

19 5.2 Access to "Confidential" Information: The Party(ies) and all persons subject to this
20 Protective Order agree that information designated as "CONFIDENTIAL" may only be accessed or
21 reviewed by the following:

- 22 a) The Court, its personnel, and court reporters;
23 b) Counsel of record, or co-counsel for any Party, or other party that has entered into a
24 joint defense agreement in the Action and their employees who assist counsel of record, or co-counsel
25 in the Action and are informed of the duties and obligations imposed hereunder;
26 c) The Parties, including their clients, agents and employees who are assisting or have
27 reason to know of the Action;

28 ///

d) Experts or consultants employed by the Parties or their counsel, or co-counsel, for purposes of an Action, so long as each such expert or consultant has signed attached Exhibit A; and

e) Other witnesses or persons with the Designating Party's consent or by court order.

5.3 Access to "Attorneys' Eyes Only" Designations: The Parties and all persons subject to this Protective Order agree that information designated as "ATTORNEYS' EYES ONLY" may only be accessed or reviewed by the following:

a) The Court, its personnel, and court reporters;

b) Counsel of record, or co-counsel for any Party, or other party that has entered into a joint defense agreement in the Action and their employees who assist counsel of record in the Action and are informed of the duties hereunder;

c) In-house counsel for any Party in the Action and Richard A. Marshack, as Chapter 11 Trustee of The Litigation Practice Group P.C. who is informed of the duties and obligations imposed hereunder;

d) Experts or consultants employed by the Parties or their counsel, or co-counsel for purposes of the Action, and so long as each such expert or consultant has signed attached Exhibit A; and

e) Other witnesses or persons to whom the Designating Party agrees in advance of disclosure or by court order.

5.4 Non-Waiver Effect of Designations: Neither the taking of, nor the failure to take, any action to enforce the provisions of this Protective Order, nor the failure to object to any designation, will constitute a waiver of any Party(ies)'s claim or defense in the Action or any other action or proceeding, including, but not limited to, a claim or defense that any designated information is or is not Confidential, is or is not entitled to particular protection, or embodies or does not embody information protectable by law.

5.5 In-Court Use of Designated Information: If information designated under this Protective Order will or may be offered in evidence at a hearing or trial related to any matter in the Action, then the offering party must give advance notice to the party or non-party that designated prior to offering the information so that any use or disclosure may be addressed in accordance with

1 the Court's case-management or other pre-trial order, or by a motion *in limine*. Nothing in this
2 Protective Order shall be construed as a waiver by a Party of any objections that may be raised as to
3 the admissibility at trial of any evidentiary materials.

4 **6. CLAW-BACK REQUESTS**

5 6.1 Failure to Make Designation: If, at any time, a Party or non-party discovers that it
6 produced or disclosed Confidential Information without designation, it may promptly notify the
7 Receiving Party and identify with particularity the Confidential Information to be designated and the
8 level of designation (the claw-back notification). The Receiving Party may then request substitute
9 production of the newly-designated information. Within thirty (30) days of receiving the claw-back
10 notification, the Receiving Party must: (1) certify to the Designating Party it has appropriately marked
11 or, if substitute production has been requested, destroyed all unmarked copies that it received, made,
12 and/or distributed; and (2) if it was practicably unable to mark or destroy any information because
13 disclosures occurred while the Receiving Party was under no duty of confidentiality under the terms
14 of this Protective Order regarding that information, the Receiving Party must reasonably provide as
15 much information as practicable to aid the Designating Party in protecting the information,
16 consistently with the Receiving Party's attorney-client, work-product, and/or trial-preparation
17 privileges.

18 6.2 Inadvertent Production of Privileged Information: If, at any time, a Party discovers
19 that it produced information that it reasonably believes is subject to protection under the
20 attorney/client, work-product, or trial-preparation privileges, then it must promptly notify each
21 Receiving Party of the claim for protection, the basis for it, amend its privilege log accordingly, and
22 comply with Fed. R. Civ. P. 26(b)(5). Whenever possible, the producing party must produce substitute
23 information that redacts the information subject to the claimed protection. The Receiving Party must
24 thereupon comply with Fed. R. Civ. P. 26(b)(5)(B) as to the information subject to the claimed
25 protection.

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1 **7. DURATION/CONTINUED RESTRICTIONS**

2 7.1 Handling of Designated Information Upon Conclusion of the Main Bankruptcy Case:

3 Upon conclusion of the Main Bankruptcy Case, by way of dismissal or closing of the case, the
4 Designating Party(ies) is/are responsible for ensuring that any Party or person to whom the
5 Designating Party shared or disclosed designated information in any of the matters under the Action
6 returns or destroys all of its copies, regardless of the medium in which it was stored. No witness or
7 Party may retain designated information that it received from any other Party or non-party under this
8 Protective Order; only counsel of record, or co-counsel, are the authorized agents who may retain one
9 copy for their respective legal files, and who must also describe to the Designating Party the extra
10 steps taken to protect its legal file containing paper and/or electronic copies of the designated
11 information so that it is not accessed, used, or disclosed inconsistently with the obligations under this
12 Protective Order. This provision does not apply to the Court or Court staff. Moreover, this provision
13 does not apply to Trustee, who may retain and use – consistent with this Order – Confidential
14 Information received in any Action during the entirety of the Bankruptcy.

15 7.2 Continued Restrictions Under this Protective Order: The restrictions on disclosure and
16 use of Confidential Information shall survive the conclusion of the Bankruptcy case and any matter
17 in the Action.

18 **8. PRIVILEGED OR PROTECTED INFORMATION**

19 8.1 Nothing in this Protective Order shall require disclosure of information that is
20 protected by the attorney-client privilege, the work-product protection, or any other legally cognizable
21 privilege (a “Privilege or Protection”). If information subject to a claim of Privilege or Protection is
22 inadvertently produced, pursuant to Federal Rule of Evidence 502(d) such production shall not
23 constitute a waiver of, or estoppel as to, any claim of Privilege or Protection for such information or
24 any other information that may be protected from disclosure by a Privilege or Protection in any
25 proceeding.

26 8.2 If a Party receives a document that appears to be subject to a Privilege or Protection,
27 then it shall refrain from examining the document any more than is essential to ascertain if it is
28 privileged or protected and shall promptly notify the producing Party in writing that the receiving


1 Party possesses material that appears to be subject to a Privilege or Protection. The producing Party
2 shall have seven (7) days after receiving such notice to assert a Privilege or Protection over the
3 identified material. If the producing Party does not assert a claim of Privilege or Protection within the
4 seven (7)-day period, the material in question shall be deemed not privileged or protected.

5 8.3 If a producing Party has produced a document subject to a claim of Privilege or
6 Protection, upon written request by the producing Party, the document for which a claim of Privilege
7 or Protection is made shall be sequestered or destroyed to the extent reasonably practicable, and the
8 receiving Party shall not use the document for any purpose other than in connection with analyzing
9 or disputing a claim of Privilege or Protection or in connection with a motion to compel the production
10 of the document.

11 8.4 The receiving Party sequestering or destroying such material may then move the Court
12 for an order compelling production of the material. The applicable producing Party bears the burden
13 of establishing the applicable Privilege or Protection of any clawed-back document or information as
14 and to the same extent that it would have borne such burden had it not produced the document or
15 information. Nothing in this Protective Order shall limit the Court's right or any receiving Party's
16 right to request an in camera review of any information subject to a claim of Privilege or Protection.

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24 Date: June 3, 2024


Scott C. Clarkson
United States Bankruptcy Judge

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EXHIBIT "A"

Christopher B. Ghio (State Bar No. 259094)
Christopher Celentino (State Bar No. 131688)
Yosina M. Lissebeck (State Bar No. 201654)
DINSMORE & SHOHL LLP
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DINSMORE & SHOHL, LLP
101 S. Fifth Street, Suite 2500
Louisville, KY 40202
Telephone: 859-425-1096
Facsimile: 502-585-2207
Sarah.mattingly@dinsmore.com
(Admitted pro hac vice)
Special Counsel to Richard A. Marshack,
Chapter 11 Trustee

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In Re

The Litigation Practice Group P.C.,
Debtor(s),

Case No. 8:23-BK-10571-SC

Chapter 11

**EXHIBIT A TO STIPULATED
ORDER**

Date: May 23, 2024

Time: 1:30 p.m.

Judge: Hon. Scott C. Clarkson

Place: Courtroom 5C¹ - Via Zoom
411 W. Fourth Street
Santa Ana, CA 92701

¹ Video and audio connection information for each hearing will be provided on Judge Clarkson's publicly posted hearing calendar, which may be viewed online at:
<http://ecf-ciao.cacb.uscourts.gov/CiaoPosted/?jid=SC>.

1 This is to certify that:

2 (a) I am being given access to Confidential Information pursuant to the
3 Stipulated Protective Order that was entered into the main bankruptcy case for
4 Litigation Practice Group, but which is binding and controlling as set forth by the
5 Court's Order on any and all contested matters and any and all litigation commenced
6 by Trustee;

7 (b) I have read the Stipulated Protective Order; and

8 (c) I agree to be bound by the terms and conditions thereof, including,
9 without limitation, to the obligations regarding the use, non-disclosure and return of
10 such Confidential Information. I further agree that in addition to being contractually
11 bound by the Stipulated Protective Order, I am subject to the jurisdiction of the above
12 reference Court for any violation thereof.

13

14 Date: _____

15

16 _____
Signature

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18 _____
Printed Name

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Exhibit 2.

In re: The Litigation Practice Group PC
Disbursement Details by Payee
4 Years Pre-Petition (03/20/2019 - 03/20/2023)

Reliance Assistance Group



Bank Name	Account Name	Account Number	Statement Date	Transaction Date	Check Number	Debit/Charge	Memo
Bank of America	Prime Logix LLC		10/31/2022	10/14/2022		95.44	WIRE TYPE:WIRE OUT DATE221 014 TIME:1 134 ET TRN:20221 01400332958 SERVICE REF009029 BNF:RELANCE ASSISTANCE GROUP ID:281 3251 23 BNF BK.JPMORGAN CHASE BANK. NA ID322271 627 PMT DET:40891 1118
Bank of America	Prime Logix LLC		10/31/2022	10/21/2022		626.09	WIRE TYPE:WIRE OUT DATE:221021 TIME:1229 ETTRN:2022102100353038 SERVICE REF011374 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK. NA ID322271 627 PMT DET:40981 7052
Bank of America	Prime Logix LLC		10/31/2022	10/28/2022		210.53	WIRE TYPE:WIRE OUT DATE221 028 TIME1 333 ET TRN:20221 02800419736 SERVICE REF013338 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK. NA ID322271 627 PMT DET:41 077 7922
Bank of America	Prime Logix LLC		11/30/2022	11/4/2022		1,435.08	WIRE TYPE:WIRE OUT DATE221 104 TIME1 439 ET TRN:20221 10400400710 SERVICE REF012818 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK. NA ID322271 627 PMT DET:41 194 9844
Bank of America	Prime Logix LLC		11/30/2022	11/9/2022		22,500.00	WIRE TYPE:WIRE OUT DATE221 109 TIME1 356 ET TRN:20221 10900373381 SERVICE REF011529 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK. NA ID322271 627 PMT DET:41252 3730
Bank of America	Prime Logix LLC		11/30/2022	11/10/2022		461.02	WIRE TYPE:WIRE OUT DATE221 110 TIME1 140 ET TRN:20221 11000331231 SERVICE REF008928 BNF:RELANCE ASSISTANCE GROUP ID:281 3251 23 BNF BK.JPMORGAN CHASE BANK. NA ID322271 627 PMT DET:41270 3230
Bank of America	Prime Logix LLC		11/30/2022	11/18/2022		869.10	WIRE TYPE:WIRE OUT DATE 221 118 TIME:1 350 ET TRN20221 118003648 SERVICE REF01 2627 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK, NA ID:322271 627 PMT DET:41 375 2620
Bank of America	Prime Logix LLC		11/30/2022	11/22/2022		669.02	WIRE TYPE:WIRE OUT DATE 221 122 TIME:1 454 ET TRN20221 1220041796 SERVICE REF:01 2880 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK. NA ID:322271627 PMT DET:41415 6136
Bank of America	Prime Logix LLC		12/31/2022	12/2/2022		2,522.86	WIRE TYPE:WIRE OUT DATE:221 202 TIME:1 152 ET TRN20221 20200370056 SERVICE REF009403 BNF:RELANCE ASSISTANCE GROUP ID:281 325123 BNF BK.JPMORGAN CHASE BANK, NA ID322271 627 PMT DET:41 569 0492
Bank of America	Prime Logix LLC		12/31/2022	12/5/2022		13,500.00	WIRETYPE:WIRE OUT DATE221205 TIME1610 ETTRN:2022120500523664 SERVICE REF014794 BNF:RELANCE ASSISTANCE GROUP ID:281 3251 23 BNF BK.JPMORGAN CHASE BANK. NA ID322271 627 PMT DET:41 602 8642 FILE PURCHASE- 9 FILES
Bank of America	Prime Logix LLC		12/31/2022	12/9/2022		1,811.81	WIRE TYPE:WIRE OUT DATE221 209 TIME1 141 ET TRN:20221 20900326720 SERVICE REF008621 BNF:RELANCE ASSISTANCE GROUP ID:281 3251 23 BNF BK.JPMORGAN CHASE BANK. NA ID322271 627 PMT DET:41 666 2086
Bank of America	Prime Logix LLC		12/31/2022	12/23/2022		1,326.47	WIRETYPE:WIRE OUT DATE221223 TIME1046 ETTRN:2022122300383555 SERVICE REF008907 BNF:RELANCE ASSISTANCE GROUP ID:281 325123 BNF BK.JPMORGAN CHASE BANK. NA ID322271 627 PMT DET:41856 7422
Bank of America	Prime Logix LLC		12/31/2022	12/29/2022		2,716.77	WIRE TYPE:WIRE OUT DATE221 229 TIME1 223 ET TRN20221 22900394976 SERVICE REF01 2446 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK. NA ID:322271 627 PMT DET:41 922 5230
Bank of America	Prime Logix LLC		1/31/2023	1/13/2023		10,090.93	WIRE TYPE:WIRE OUT DATE:2301 13 TIME:1536 ETTRN202301 1300462356 SERVICE REF:01 6563 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK, NA ID:322271 627 PMT DET:42148 6578
Bank of America	Prime Logix LLC		1/31/2023	1/20/2023		9,085.93	WIRE TYPE:WIRE OUT DATE:230120TIME:1435 ETTRN:2023012000398864 SERVICE REF01 3373 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK, NA ID322271 627 PMT DET:42230 0114
Bank of America	Prime Logix LLC		1/31/2023	1/27/2023		2,097.93	WIRE TYPE:WIRE OUT DATEQ30127 TIME1351 ETTRN:2023012700386809 SERVICE REF:01 2647 BNF:RELANCE PSSISTANCE GROUP ID:281 325123 BNF BK. JPMORGAN CHASE BANK, NA ID322271 627 PMT DET:42320 1136 JAN 16 TO JAN 22
Bank of America	Prime Logix LLC		2/28/2023	2/3/2023		3,897.31	WIRE TYPEWIRE OUT DATE:230203 TIME:1 200 ET TRN202302030036541 5 SERVICE REF009673 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK. NA ID:322271 627 PMT DET:42434 8616 JAN 23 TO JAN 29
Bank of America	Litigation Practice Group PC		2/28/2023	2/7/2023		182,500.00	TRANSFER LITIGATION PRACTICE :Reliance Assistance Confirmationil 0381891112 WIRE TYPE:WIRE OUT DATE:23021 0 TIME:1 444 ET TRN:2023021 000407716 SERVICE REF014321 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK. NA ID322271627 PMT DET:425324148 JAN 30TO FEB0
Bank of America	Prime Logix LLC		2/28/2023	2/10/2023		3,763.10	



Reliance Assistance Group

In re: The Litigation Practice Group PC
Disbursement Details by Payee
4 Years Pre-Petition (03/20/2019 - 03/20/2023)

Bank Name	Account Name	Account Number	Statement Date	Transaction Date	Check Number	Debit/Charge	Memo
Bank of America	Litigation Practice Group PC	[REDACTED]	2/28/2023	2/10/2023		338.76	WIRE TYPE:WIRE OUT DATE230210TIME:0759 ETTRN2023020900487233 SERVICE REF317664 BNF:RELIANCE IDQ81 3251 23 BNF BKJPMORGAN CHASE BA NK, N. ID0002 PMT DET:97JRWYTG4 POP Other
Wells Fargo	Maverick Management Group LLC	[REDACTED]	3/31/2023	3/17/2023		15,352.00	WT Fed#08070 4morgana Chase Ban /Ftr/Bnf= Reliance Assistance Group Inc Sff# 0000960076380725 Trn#230317177805 Rib#
						275,870.15	

DRAFT FORM - SUBJECT TO CHANGE

Exhibit 3.



Legal Counsel.

DINSMORE & SHOHL LLP
100 West Main Street, Suite 900
Lexington, Kentucky 40507
www.dinsmore.com

Sara A. Johnston
(859) 425-1021 (direct) (859) 425 1099 (fax)
Sara.johnston@dinsmore.com

November 20, 2024

Reliance Assistance Group Inc.
Attn: John Goldberg
14351 Myford Rd, Ste 200
Tustin, CA 92780-7038

Reliance Assistance Group Inc.
Attn: John Goldberg
202 Fashion Ln, Ste 226
Tustin, CA 92780-3319

Reliance Assistance Group Inc.
Attn: John Goldberg
2522 Chambers Rd, Ste 100
Tustin, CA 92780-6962

Reliance Assistance Group Inc.
Attn: John Goldberg
535 E. 1st St., #202
Tustin, CA 92780-3312

Re: *In re The Litigation Practice Group P.C.*
U.S. Bankruptcy Court, Central District of California, Case No. 8:23-bk-
10571-SC

Dear Sir/Madam:

This firm represents Richard A. Marshack, solely in his capacity as Chapter 11 Trustee ("Trustee") for the bankruptcy estate of The Litigation Practice Group P.C. ("Debtor") in the above-referenced bankruptcy case. Pursuant to 11 U.S.C. § 1107 and his appointment as Trustee, the Trustee has the obligation to investigate and pursue claims, including fraudulent transfers, preferential transfers, and post-petition transfers.

After a review of the Debtor's books and records, the Trustee believes that he may have claims against Reliance Assistance Group Inc. ("Reliance") to avoid and recover post-petition transfers, preferential transfers, and fraudulent transfers. This letter is written in an attempt to investigate such claims which include substantially more claims than those mentioned in our September 15, 2023 correspondence.

Section 547 of the Bankruptcy Code permits a trustee or debtor-in-possession to avoid certain payments made to creditors within the 90-day period preceding the filing of a bankruptcy case. Sections 544 and 548 of the Bankruptcy Code permit a trustee or debtor-in-possession to avoid certain payments made to creditors within the two-year period preceding the filing of a bankruptcy case. Sections 3439.04 and 3439.05 of the

California Civil Code also permit a trustee to avoid certain payments made to creditors within the applicable reach back period. Section 549 of the Bankruptcy Code permits a trustee or debtor-in-possession to avoid certain transfers made after the filing of a bankruptcy case known as post-petition transfers. Our preliminary investigation has identified transfers from the Debtor to Reliance both within the reach back period for both preferential transfers and fraudulent transfers as well as post-petition. These transfers are listed on the attached summaries below showing the date and amount, according to the Debtor's books and records, of each transfer or other payment to you. The payments referenced on the summaries total \$781,291.64.

It appears that ten of these transfers, totaling \$231,169.20, may constitute preferential transfers, which can be avoided and recovered by the Trustee pursuant to 11 U.S.C. § 547(b), and that twenty-one (21) of these transfers, totaling \$275,870.15, may constitute fraudulent transfers, which can be avoided and recovered by the Trustee pursuant to 11 U.S.C. §§ 544 and 548 and Cal. Civ. Code. §§ 3439.04 and 3439.05, and that fourteen (14) of these transfers, totaling \$505,421.49, may constitute improper post-petition transfers, which can be avoided and recovered by the Trustee pursuant to 11 U.S.C. § 549(a). In sum, and depending on your response to this letter, the Trustee may file suit in the bankruptcy court to avoid and recover these transfers. The Trustee is also authorized to pursue pre and post judgment interest, as well as punitive damages.

As to the preferential transfers, the Trustee has been unable to determine if any viable defenses exist that would reduce or eliminate your liability for such claims. If you engaged with the Debtor in the "ordinary course of business," or if you believe that you provided "new value" to the Debtor subsequent to each transfer, as those terms are defined in 11 U.S.C. § 547(a)(2) and (c)(2), then please provide information for the relevant period to substantiate the applicable defenses.

As to the fraudulent transfers, the Trustee has been unable to determine why such transfers were made to you and what was provided to the Debtor in exchange for such transfers. Please respond to this letter, attaching any evidence you have related to these transfers, including, but not limited to, contracts, agreements, subscriptions, invoices, and any other documentation showing the date, terms, and amounts for the transfers received and any documents evidencing shipment dates as to goods and services provided by you to the Debtor. Documents showing the date of receipt of the Debtor's payment and the amount, deposit date, and any proof of deposit for any or all of the transfers will be helpful in determining what value the Debtor received in return for payments made to you.

As to the post-petition transfers, the Trustee has been unable to determine why such transfers were made to Reliance. Please respond to this letter, attaching any evidence you have related to these transfers, including, but not limited to, contracts, agreements, subscriptions, invoices, and any other documentation showing the date, terms, and amounts for the transfers received and any documents evidencing anything of value

provided by you to the Debtor. Documents showing the course of dealing between you and the Debtor will be helpful in determining the permissibility of the transfers.


Additionally, the proof of claim number 2499-1 against the Debtor, that claim may be disallowed pursuant to Section 502(d) of the Bankruptcy Code for failure to return an avoidable transfer. This means that if the preference claims against you are not resolved, then you may not receive a distribution from the Debtor's bankruptcy estate. The Trustee reserves the right to object to any proof of claim that you have filed or may file in the debtors' bankruptcy cases.

Please provide the requested documents and information to us on or before October 8, 2024, so that we can assess whether any claim or defenses exists.

Finally, to the extent not already received, this letter serves as formal notice for the preservation of all documents, data, and evidence related to the above matter as litigation is reasonably anticipated in this matter. Therefore, you are under a **legal obligation to preserve** all potentially relevant information. To comply with your preservation obligations, you must take immediate steps to preserve all documents and electronically stored information ("ESI") in your possession custody, or control that relate to, or may lead to the discovery of admissible evidence regarding this matter. Please ensure that all automated deletion or data destruction procedures, including recycling of backup tapes, are suspended immediately to prevent the loss of any potentially relevant information. Failure to preserve this information could result in severe legal consequences including sanctions or other penalties by the court.

If you have any questions, we are happy to discuss this matter with you or your counsel.

Sincerely,



Sara A. Johnston

Enclosures

Fraudulent Transfers

Transaction Date	Amount
10/14/2022	\$95.44
10/21/2022	\$626.09
10/28/2022	\$210.53
11/4/2022	\$22,500.00
11/9/2022	\$461.02
11/18/2022	\$869.10
11/22/2022	\$669.02
12/2/2022	\$2,522.86
12/5/2022	\$13,500.00
12/9/2022	\$1,811.81
12/23/2022	\$1,326.47
12/29/2022	\$2,716.77
1/13/2023	\$10,090.93
1/20/2023	\$9,085.93
1/27/2023	\$2,097.93
2/3/2023	\$3,897.31
2/7/2023	\$182,500.00
2/10/2023	\$3,763.10
2/10/2023	\$388.76
3/17/2023	\$15,352.00
Total	\$275,870.15

Preference Transfers

Transaction Date	Amount
12/23/2022	\$1,326.47
12/29/2022	\$2,716.77
1/13/2023	\$10,090.93
1/20/2023	\$9,085.93
1/27/2023	\$2,097.93
2/3/2023	\$3,897.31
2/7/2023	\$182,500.00
2/10/2023	\$3,763.10
2/10/2023	\$388.76
3/17/2023	\$15,352.00
Total	\$231,169.20

Post Petition Transfers

Transaction Date	Amount
3/24/2023	\$6,819.25
4/4/2023	\$95,000.00
4/7/2023	\$8,978.66
4/12/2023	\$50,000.00
4/27/2023	\$27,806.00
4/28/2023	\$50,000.00
5/5/2023	\$50,000.00
5/9/2023	\$11,266.29
5/11/2023	\$17,119.09
5/18/2023	\$50,000.00
5/18/2023	\$17,540.73
5/25/2023	\$15,891.47
5/30/2023	\$55,000.00
6/2/2023	\$50,000.00
Total	\$505,421.49

Exhibit 4.

HOHL LLP

h Street Suite 900
40507

re

LOUISVILLE KY 400

25 NOV 2024PM 3 L



quadiant

FIRST-CLASS MAIL
IMI

\$000.69⁰

11/25/2024 ZIP 40507
043M31253925

US POSTAGE

Reliance Assistance Group Inc.
Attn: John Goldberg
535 E. 1st St., #202
Tustin, CA

NIXIE

911 DE 1

0012/06/24

RETURN TO SENDER
ATTEMPTED - NOT KNOWN
UNABLE TO FORWARD

FWANK

BC: 40507183925

*1670-03617-25-

9579059731939

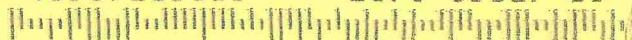


Exhibit "4"

Legal Counsel.



DINSMORE & SHOHL LLP
100 West Main Street, Suite 900
Lexington, Kentucky 40507
www.dinsmore.com

Sara A. Johnston
(859) 425-1021 (direct) (859) 425 1099 (fax)
Sara.johnston@dinsmore.com

November 25, 2024

Reliance Assistance Group Inc.
Attn: John Goldberg
14351 Myford Rd, Ste 200
Tustin, CA 92780-7038

Reliance Assistance Group Inc.
Attn: John Goldberg
202 Fashion Ln, Ste 226
Tustin, CA 92780-3319

Reliance Assistance Group Inc.
Attn: John Goldberg
2522 Chambers Rd, Ste 100
Tustin, CA 92780-6962

Reliance Assistance Group Inc.
Attn: John Goldberg
535 E. 1st St., #202
Tustin, CA 92780-3312

Re: *In re The Litigation Practice Group P.C.*
U.S. Bankruptcy Court, Central District of California, Case No. 8:23-bk-
10571-SC

Dear Sir/Madam:

This firm represents Richard A. Marshack, solely in his capacity as Chapter 11 Trustee ("Trustee") for the bankruptcy estate of The Litigation Practice Group P.C. ("Debtor") in the above-referenced bankruptcy case. Pursuant to 11 U.S.C. § 1107 and his appointment as Trustee, the Trustee has the obligation to investigate and pursue claims, including fraudulent transfers, preferential transfers, and post-petition transfers.

After a review of the Debtor's books and records, the Trustee believes that he may have claims against Reliance Assistance Group Inc. ("Reliance") to avoid and recover post-petition transfers, preferential transfers, and fraudulent transfers. This letter is written in an attempt to investigate such claims which include substantially more claims than those mentioned in our September 15, 2023 correspondence.

Section 547 of the Bankruptcy Code permits a trustee or debtor-in-possession to avoid certain payments made to creditors within the 90-day period preceding the filing of a bankruptcy case. Sections 544 and 548 of the Bankruptcy Code permit a trustee or debtor-in-possession to avoid certain payments made to creditors within the two-year period preceding the filing of a bankruptcy case. Sections 3439.04 and 3439.05 of the

Exhibit "4"

California Civil Code also permit a trustee to avoid certain payments made to creditors within the applicable reach back period. Section 549 of the Bankruptcy Code permits a trustee or debtor-in-possession to avoid certain transfers made after the filing of a bankruptcy case known as post-petition transfers. Our preliminary investigation has identified transfers from the Debtor to Reliance both within the reach back period for both preferential transfers and fraudulent transfers as well as post-petition. These transfers are listed on the attached summaries below showing the date and amount, according to the Debtor's books and records, of each transfer or other payment to you. The payments referenced on the summaries total \$781,291.64.

It appears that ten of these transfers, totaling \$231,169.20, may constitute preferential transfers, which can be avoided and recovered by the Trustee pursuant to 11 U.S.C. § 547(b), and that twenty-one (21) of these transfers, totaling \$275,870.15, may constitute fraudulent transfers, which can be avoided and recovered by the Trustee pursuant to 11 U.S.C. §§ 544 and 548 and Cal. Civ. Code. §§ 3439.04 and 3439.05, and that fourteen (14) of these transfers, totaling \$505,421.49, may constitute improper post-petition transfers, which can be avoided and recovered by the Trustee pursuant to 11 U.S.C. § 549(a). In sum, and depending on your response to this letter, the Trustee may file suit in the bankruptcy court to avoid and recover these transfers. The Trustee is also authorized to pursue pre and post judgment interest, as well as punitive damages.

As to the preferential transfers, the Trustee has been unable to determine if any viable defenses exist that would reduce or eliminate your liability for such claims. If you engaged with the Debtor in the "ordinary course of business," or if you believe that you provided "new value" to the Debtor subsequent to each transfer, as those terms are defined in 11 U.S.C. § 547(a)(2) and (c)(2), then please provide information for the relevant period to substantiate the applicable defenses.

As to the fraudulent transfers, the Trustee has been unable to determine why such transfers were made to you and what was provided to the Debtor in exchange for such transfers. Please respond to this letter, attaching any evidence you have related to these transfers, including, but not limited to, contracts, agreements, subscriptions, invoices, and any other documentation showing the date, terms, and amounts for the transfers received and any documents evidencing shipment dates as to goods and services provided by you to the Debtor. Documents showing the date of receipt of the Debtor's payment and the amount, deposit date, and any proof of deposit for any or all of the transfers will be helpful in determining what value the Debtor received in return for payments made to you.

As to the post-petition transfers, the Trustee has been unable to determine why such transfers were made to Reliance. Please respond to this letter, attaching any evidence you have related to these transfers, including, but not limited to, contracts, agreements, subscriptions, invoices, and any other documentation showing the date, terms, and amounts for the transfers received and any documents evidencing anything of value

provided by you to the Debtor. Documents showing the course of dealing between you and the Debtor will be helpful in determining the permissibility of the transfers.

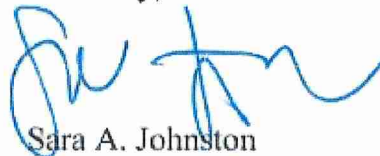
Additionally, the proof of claim number 2499-1 against the Debtor, that claim may be disallowed pursuant to Section 502(d) of the Bankruptcy Code for failure to return an avoidable transfer. This means that if the preference claims against you are not resolved, then you may not receive a distribution from the Debtor's bankruptcy estate. The Trustee reserves the right to object to any proof of claim that you have filed or may file in the debtors' bankruptcy cases.

Please provide the requested documents and information to us on or before December 10, 2024, so that we can assess whether any claim or defenses exists.

Finally, to the extent not already received, this letter serves as formal notice for the preservation of all documents, data, and evidence related to the above matter as litigation is reasonably anticipated in this matter. Therefore, you are under a **legal obligation to preserve** all potentially relevant information. To comply with your preservation obligations, you must take immediate steps to preserve all documents and electronically stored information ("ESI") in your possession custody, or control that relate to, or may lead to the discovery of admissible evidence regarding this matter. Please ensure that all automated deletion or data destruction procedures, including recycling of backup tapes, are suspended immediately to prevent the loss of any potentially relevant information. Failure to preserve this information could result in severe legal consequences including sanctions or other penalties by the court.

If you have any questions, we are happy to discuss this matter with you or your counsel.

Sincerely,



Sara A. Johnston

Enclosures

Fraudulent Transfers

Transaction Date	Amount
10/14/2022	\$95.44
10/21/2022	\$626.09
10/28/2022	\$210.53
11/4/2022	\$22,500.00
11/9/2022	\$461.02
11/18/2022	\$869.10
11/22/2022	\$669.02
12/2/2022	\$2,522.86
12/5/2022	\$13,500.00
12/9/2022	\$1,811.81
12/23/2022	\$1,326.47
12/29/2022	\$2,716.77
1/13/2023	\$10,090.93
1/20/2023	\$9,085.93
1/27/2023	\$2,097.93
2/3/2023	\$3,897.31
2/7/2023	\$182,500.00
2/10/2023	\$3,763.10
2/10/2023	\$388.76
3/17/2023	\$15,352.00
Total	\$275,870.15

Preference Transfers

Transaction Date	Amount
12/23/2022	\$1,326.47
12/29/2022	\$2,716.77
1/13/2023	\$10,090.93
1/20/2023	\$9,085.93
1/27/2023	\$2,097.93
2/3/2023	\$3,897.31
2/7/2023	\$182,500.00
2/10/2023	\$3,763.10
2/10/2023	\$388.76
3/17/2023	\$15,352.00
Total	\$231,169.20

Post Petition Transfers

Transaction Date	Amount
3/24/2023	\$6,819.25
4/4/2023	\$95,000.00
4/7/2023	\$8,978.66
4/12/2023	\$50,000.00
4/27/2023	\$27,806.00
4/28/2023	\$50,000.00
5/5/2023	\$50,000.00
5/9/2023	\$11,266.29
5/11/2023	\$17,119.09
5/18/2023	\$50,000.00
5/18/2023	\$17,540.73
5/25/2023	\$15,891.47
5/30/2023	\$55,000.00
6/2/2023	\$50,00.00
Total	\$505,421.49

Exhibit 5.



Reliance Assistance Group Inc

In re: The Litigation Practice Group PC
Disbursement Details by Payee
90 Days Pre-Petition (12/20/2022 - 03/20/2023)

Bank Name	Account Name	Account Number	Statement Date	Transaction Date	Check Number	Debit/Charge	Memo
Bank of America	Prime Logix LLC		12/31/2022	12/23/2022		1,326.47	WIRETYPE:WIRE OUT DATE:21223 TIME:046 ETTRN:202122300383555 SERVICE REF:008907 BNF:RELANCE ASSISTANCE GROUP ID:281 325123 BNF BK.JPMORGAN CHASE BANK. NA ID:322271 627 PMT DET:41856 7422
Bank of America	Prime Logix LLC		12/31/2022	12/29/2022		2,716.77	WIRE TYPE:WIRE OUT DATE:221 229 TIME:1 223 ET TRN:20221 22900394976 SERVICE REF:01 2446 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK. NA ID:322271 627 PMT DET:41 922 5230
Bank of America	Prime Logix LLC		1/31/2023	1/13/2023		10,090.93	WIRE TYPE:WIRE OUT DATE:2301 13 TIME:1536 ETTRN:202301 1300462356 SERVICE REF:01 6563 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK, NA ID:322271 627 PMT DET:42148 6578
Bank of America	Prime Logix LLC		1/31/2023	1/20/2023		9,085.93	WIRE TYPE:WIRE OUT DATE:230120TIME:1435 ETTRN:2023012000398864 SERVICE REF:01 3373 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK, NA ID:322271 627 PMT DET:42230 0114
Bank of America	Prime Logix LLC		1/31/2023	1/27/2023		2,097.93	WIRE TYPE:WIRE OUT DATE:230127 TIME:1351 ETTRN:2023012700386809 SERVICE REF:01 2647 BNF:RELANCE ASSISTANCE GROUP ID:281 325123 BNF BK. JPMORGAN CHASE BANK, NA ID:322271 627 PMT DET:42320 1136 JAN 16 TO JAN 22
Bank of America	Prime Logix LLC		2/28/2023	2/3/2023		3,897.31	WIRE TYPE:WIRE OUT DATE:230203 TIME:1 200 ET TRN:202302030036541 5 SERVICE REF:009673 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK. NA ID:322271 627 PMT DET:42434 8616 JAN 23 TO JAN 29
Bank of America	Litigation Practice Group PC		2/28/2023	2/7/2023		182,500.00	TRANSFER LITIGATION PRACTICE :Reliance Assistance Confirmation: 0381891112 WIRE TYPE:WIRE OUT DATE:23021 0 TIME:1 444 ET TRN:2023021 000407716 SERVICE REF:014321 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK. NA ID:322271627 PMT DET:425324148 JAN 30 TO FEB 0
Bank of America	Prime Logix LLC		2/28/2023	2/10/2023		3,763.10	WIRE TYPE:WIRE OUT DATE:230210TIME:0759 ETTRN:2023020900487233 SERVICE REF:317664 BNF:RELANCE IDQ81 3251 23 BNF BKJPMORGAN CHASE BA NK, N. ID0002 PMT DET:97JRWYTG4 POP Other
Bank of America	Litigation Practice Group PC		2/28/2023	2/10/2023		338.76	WT Fed#08070 4morgan Chase Ban /Ftr/Bnf= Reliance Assistance Group Inc S#ff 0000960076380725 Trn#230317177805 Rlb#
Wells Fargo	Maverick Management Group LLC		3/31/2023	3/17/2023		15,352.00	
						231,169.20	

DRAFT FORM - SUBJECT TO CHANGE

Exhibit 6.



Bank Name	Account Type	Account Name	Account Number	Statement Date	Transaction Date	Check Number	Debit/Charge	Memo
Bank of America Checking		Prime Logix LLC	[REDACTED]	3/31/2023	3/24/2023		6,819.25	WIRE TYPE:WIRE OUT DATE:230324 TIME:1 600 ET TRN:2023032400507088 SERVICE REF:01 6247 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK. NA ID:322271627 PMT DET:431 153800 AFFILIATE 031323 031923
Bank of America Checking		Prime Logix LLC		4/30/2023	4/4/2023		95,000.00	WIRE TYPE:WIRE OUT DATE:230404 TIME:1 523 ET TRN:2023040400452599 SERVICE REF:01 3379 BNF:RELANCE P.SSISTANCE GROUP ID:281 3251 23 BNF BK.JPMORGAN CHASE BANK. NA ID:322271 627 PMT DET:43275 7480
Bank of America Checking		Prime Logix LLC		4/30/2023	4/7/2023		8,978.66	WIRE TYPE:WIRE OUT DATE:230407 TIME:1 432 ET TRN:2023040700248887 SERVICE REF:008270 BNF:RELANCE ASSISTANCE GROUP ID:281325123BNF BK.JPMORGAN CHASE BANK. NA ID:322271 627 PMT DET:43324 9986 MAR27 APR02
Bank of America Checking		Prime Logix LLC		4/30/2023	4/12/2023	1370	50,000.00	File Purchase Partial Payment
Bank of America Checking		Prime Logix LLC		4/30/2023	4/27/2023		27,806.00	TRANSFER PRIME LOGIX LLCReliance Assistance Confirmation# 2962581128
Bank of America Checking		Prime Logix LLC		4/30/2023	4/28/2023	1371	50,000.00	File Purchase Partial Payment
Bank of America Checking		Prime Logix LLC		5/31/2023	5/5/2023	1313	50,000.00	File Purchase
Bank of America Checking		Vulcan Consulting		5/31/2023	5/9/2023		11,266.29	WIRE TYPE:WIRE OUT DATE:230509 TIME:05:1 1 ET TRNQ02305090001 5502 SERVICE REF:002734 BNF:RELANCE P.SSISTANCE GROUP ID:281325123BNF BK.JPMORGAN CHASE BANK. NA ID:322271 627 PMT DET:43747 7972
Bank of America Checking		Prime Logix LLC		5/31/2023	5/11/2023		17,119.09	TRANSFER PRIME LOGIX LLCReliance Assistance Confirmation! 0482396134
Bank of America Checking		Prime Logix LLC		5/31/2023	5/18/2023	1312	50,000.00	File Purchase
Bank of America Checking		Prime Logix LLC	[REDACTED]	5/31/2023	5/18/2023		17,540.73	WIRE TYPE:WIRE OUT DATE:230518 TIME:1 425 ET TRN:2023051 800369462 SERVICE REF:01 2314 BNF:RELANCE ASSISTANCE GROUP ID:281325123 BNF BK.JPMORGAN CHASE BANK. NA ID:322271 627 PMT DET:9LCRU BG88 POP Other MARKETING FEE
Bank of America Checking		Prime Logix LLC		5/31/2023	5/25/2023		15,891.47	WIRE TYPE:WIRE OUT DATE:230525 TIME:1 447 ET TRN:202305250043221 4 SERVICE REF:526492 BNF:RELANCE ASSISTANCE CREW I ID:281 3251 23 BNF BK.JPMORGAN CHASE BANK. N. ID:0002 PMT DET:7BR CKA75 POP Services
Bank of America Checking		Prime Logix LLC		5/31/2023	5/30/2023	1364	55,000.00	
Bank of America Checking		Prime Logix LLC		6/30/2023	6/2/2023	1380	50,000.00	
Bank of America Checking		Prime Logix LLC					505,421.49	

Exhibit 7.

Fill in this information to identify the case:

Debtor 1 The Litigation Practice Group P.C.
Debtor 2 _____
(Spouse, if filing)
United States Bankruptcy Court Central District of California
Case number: 23-10571

FILED
U.S. Bankruptcy Court
Central District of California
2/23/2024
Kathleen J. Campbell, Clerk

**Official Form 410
Proof of Claim**

04/22

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. **Do not send original documents**; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

Part 1: Identify the Claim

1. Who is the current creditor?	<u>Reliance Assistance Group Inc</u> Name of the current creditor (the person or entity to be paid for this claim) Other names the creditor used with the debtor _____	
2. Has this claim been acquired from someone else?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. From whom? _____	
3. Where should notices and payments to the creditor be sent? Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)	Where should notices to the creditor be sent? <u>Reliance Assistance Group Inc</u> Name 2522 Chambers Rd 100 TUSTIN, CA 92780 Contact phone <u>7149162592</u> Contact email <u>yuriyd@my-reliance.com</u> Uniform claim identifier for electronic payments in chapter 13 (if you use one): _____	Where should payments to the creditor be sent? (if different) _____ Name _____ Contact phone _____ Contact email _____
4. Does this claim amend one already filed?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Claim number on court claims registry (if known) _____ Filed on _____ MM / DD / YYYY	
5. Do you know if anyone else has filed a proof of claim for this claim?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Who made the earlier filing? _____	

Official Form 410

Proof of Claim

page 1

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: _____
7. How much is the claim?	\$ <u>1.00</u> <div style="float: right; text-align: right;"> Does this amount include interest or other charges? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A). </div>
8. What is the basis of the claim?	Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as healthcare information. See Attachment A
9. Is all or part of the claim secured?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. The claim is secured by a lien on property. <div style="margin-left: 20px;"> Nature of property: <input type="checkbox"/> Real estate. If the claim is secured by the debtor's principal residence, file a <i>Mortgage Proof of Claim Attachment</i> (Official Form 410-A) with this <i>Proof of Claim</i>. <input type="checkbox"/> Motor vehicle <input type="checkbox"/> Other. Describe: _____ </div> <div style="margin-left: 20px;"> Basis for perfection: _____ </div> Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.) <div style="margin-left: 20px;"> Value of property: \$ _____ Amount of the claim that is secured: \$ _____ Amount of the claim that is unsecured: \$ _____ (The sum of the secured and unsecured amounts should match the amount in line 7.) </div> <div style="margin-left: 20px;"> Amount necessary to cure any default as of the date of the petition: \$ _____ Annual Interest Rate (when case was filed) _____ % <input type="checkbox"/> Fixed <input type="checkbox"/> Variable </div>
10. Is this claim based on a lease?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Amount necessary to cure any default as of the date of the petition. \$ _____
11. Is this claim subject to a right of setoff?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Identify the property: _____

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Check all that apply:	Amount entitled to priority
A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.	<input type="checkbox"/> Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).	\$ _____
	<input type="checkbox"/> Up to \$3,350 * of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).	\$ _____
	<input type="checkbox"/> Wages, salaries, or commissions (up to \$15,150 *) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).	\$ _____
	<input type="checkbox"/> Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).	\$ _____
	<input type="checkbox"/> Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).	\$ _____
	<input type="checkbox"/> Other. Specify subsection of 11 U.S.C. § 507(a)() that applies	\$ _____
* Amounts are subject to adjustment on 4/01/25 and every 3 years after that for cases begun on or after the date of adjustment.		

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157 and 3571.

Check the appropriate box:

- ☒ I am the creditor.
☐ I am the creditor's attorney or authorized agent.
☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.
☐ I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this Proof of Claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this Proof of Claim and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 2/23/2024
MM / DD / YYYY

/s/ Yuriy Drahuntsov

Signature

Print the name of the person who is completing and signing this claim:

Name	Yuriy Drahuntsov		
	First name	Middle name	Last name
Title	President		
Company	Reliance Assistance Group Inc		
	Identify the corporate servicer as the company if the authorized agent is a servicer		
Address	2522 Chambers Rd, 100		
	Number	Street	
	TUSTIN, CA 92780		
	City	State	ZIP Code
Contact phone	7149162592	Email	yuriyd@my-reliance.com

In re: The Litigation Practice Group P.C.

Case No. 8:23-bk-10571-SC

ATTACHEMENT A

Reliance Assistance Center provided marketing and customer support services to The Litigation Practice Group PC ("LPG"). The claim submitted herein is to preserve our right to collect the amount due for the hard costs that we incurred in providing the following services to LPG:

- Locating and onboarding clients to LPG
- Performing customer service tasks such as providing updates and fielding questions from LPG clients that we had onboarded to LPG
- Providing a retention function to encourage clients of LPG to remain with LPG or encouraging clients who had terminated their relationship with LPG to resume such relationship

The hard costs referenced above included the cost of acquiring leads, payroll, our phone system, our customer relations management software, and our proportionate cost of space. We are not seeking any margin on our actual out-of-pocket expenses, just the recovery of the amount actually expended in providing the above-referenced services.

We are still in the process of obtaining and reviewing records to determine the full extent of our out-of-pocket expenses incurred. We will amend this claim upon a complete review of all records, including records obtained from the Trustee regarding clients onboarded by Reliance to LPG.

B1040 (FORM 1040) (12/15)

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES		
NAME OF DEBTOR The Litigation Practice Group P.C.		BANKRUPTCY CASE NO. 8:23-bk-10571-SC
DISTRICT IN WHICH CASE IS PENDING Central District of California	DIVISION OFFICE Santa Ana	NAME OF JUDGE Hon. Scott C. Clarkson
RELATED ADVERSARY PROCEEDING (IF ANY)		
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISION OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF)		
DATE February 25, 2025		PRINT NAME OF ATTORNEY (OR PLAINTIFF) /s/ Sara A. Johnston

INSTRUCTIONS

The filing of a bankruptcy case creates an “estate” under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor’s discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also must complete and file Form 1040, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court’s Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 1040 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff’s attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and Defendants. Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.